

104TH CONGRESS  
1ST SESSION

# H. R. 805

To provide for the creation of jobs in America, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 1995

Mr. OWENS (for himself, Mr. SANDERS, Mr. BROWN of California, Mr. CONYERS, Mr. DELLUMS, Mr. HASTINGS of Florida, Mr. HINCHEY, Mrs. MINK of Hawaii, and Mr. WATT of North Carolina) introduced the following bill; which was referred to the Committee on Ways and Means and, in addition, to the Committees on Transportation and Infrastructure, Banking and Financial Services, Economic and Educational Opportunities, Commerce, and Appropriations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for the creation of jobs in America, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Job Creation and Invest in America Act of 1995”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title.

TITLE I—PHYSICAL CAPITAL INVESTMENT

Subtitle A—Highways and Mass Transit

- Sec. 1001. Highway programs.
- Sec. 1002. Federal Transit Act programs.

Subtitle B—Airports

- Sec. 1101. Airport improvement program.

Subtitle C—Railroads

- Sec. 1201. Local rail freight assistance.

Subtitle D—Water and Sewage Treatment Facilities

- Sec. 1301. State water pollution control revolving funds.

Subtitle E—Environmental Restoration

- Sec. 1401. Environmental restoration at facilities of the Department of Defense and Department of Energy.

Subtitle F—Community Development Assistance

CHAPTER 1—COMMUNITY DEVELOPMENT BLOCK GRANTS

- Sec. 1501. Authorization of appropriations.

CHAPTER 2—COMMUNITY BANKING AND ECONOMIC EMPOWERMENT ACT

- Sec. 1511. Short title.
- Sec. 1512. Authority of secretary.
- Sec. 1513. Eligible community development lenders.
- Sec. 1514. Capital and operating assistance for community development lenders.
- Sec. 1515. Requirements of assisted community development lenders.
- Sec. 1516. Application and approval for assistance.
- Sec. 1517. Assistance agreements.
- Sec. 1518. Books, records, and audits.
- Sec. 1519. Technical assistance for organizing and operating community development lenders.
- Sec. 1520. Relationship to Community Reinvestment Act of 1977.
- Sec. 1521. Reports to Congress.
- Sec. 1522. Regulations.
- Sec. 1523. Definitions.
- Sec. 1524. Authorization of appropriations.

Subtitle G—Education Infrastructure

- Sec. 1601. Short title.
- Sec. 1602. Findings.
- Sec. 1603. Purpose.
- Sec. 1604. Definitions.
- Sec. 1605. Improvement of public elementary and secondary education facilities program authorized.
- Sec. 1606. Applications.
- Sec. 1607. Authorized activities.
- Sec. 1608. Requirements.
- Sec. 1609. Contracts.

- Sec. 1610. Technical assistance.
- Sec. 1611. Federal assessment.

Subtitle H—Renewable Energy and Energy Efficiency

- Sec. 1701. Renewable energy.
- Sec. 1702. Energy efficiency.

TITLE II—HUMAN CAPITAL INVESTMENT

Subtitle A—Job Training

- Sec. 2001. Human capital investments in job training.

Subtitle B—Education

- Sec. 2101. Educational personnel.

Subtitle C—Head Start

- Sec. 2201. Amendments to the Head Start Act.

Subtitle D—Programs Under Public Health Service Act

CHAPTER 1—FUNDING INITIATIVE FOR PROGRAMS PROVIDING HEALTH SERVICES

- Sec. 2301. Funding initiative.

CHAPTER 2—COMMUNITY HEALTH ADVISOR PROGRAM

- Sec. 2311. Short title.
- Sec. 2312. Findings.
- Sec. 2313. Formula grants regarding community health advisor programs.
- Sec. 2314. Requirements regarding community health advisor programs.
- Sec. 2315. Additional agreements.
- Sec. 2316. Application for assistance; State plan.
- Sec. 2317. Determination of amount of allotment.
- Sec. 2318. Quality assurance; cost-effectiveness.
- Sec. 2319. Evaluations; technical assistance.
- Sec. 2320. Rule of construction regarding programs of indian health service.
- Sec. 2321. Definitions.
- Sec. 2322. Funding.

TITLE III—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

Subtitle A—Reduction in Employee Payroll Taxes; Credit for First-Time Homebuyers

- Sec. 3001. Credit for portion of social security taxes.
- Sec. 3002. Credit for purchase of principal residence by first-time homebuyer.

Subtitle B—Revenue Increases

- Sec. 3101. Stock transfer excise tax.
- Sec. 3102. Repeal of preferential rate of tax on capital gains.
- Sec. 3103. Repeal of credit for foreign taxes.
- Sec. 3104. Repeal of deferral of income of controlled foreign corporations.
- Sec. 3105. Use of formulaic approach under section 482.

Sec. 3106. Repeal of increase in basis of property acquired from a decedent.  
 Sec. 3107. Phasein of capital gains tax on inherited property.  
 Sec. 3108. Additional exclusion of gain on sale of principal residence acquired  
 from a decedent.

#### TITLE IV—APPROPRIATIONS

Sec. 4001. Appropriations.  
 Sec. 4002. Designation as emergency requirement.

## 1       **TITLE I—PHYSICAL CAPITAL** 2               **INVESTMENT** 3       **Subtitle A—Highways and Mass** 4               **Transit**

### 5   **SEC. 1001. HIGHWAY PROGRAMS.**

6       (a) Section 1003 of the Intermodal Surface Trans-  
 7   portation Efficiency Act of 1991 (105 Stat. 1918–1922)  
 8   is amended by adding at the end the following:

9       “(d) ADDITIONAL FUNDING FROM HTF.—In addi-  
 10   tion to amounts made available by subsection (a), for the  
 11   purpose of carrying out the provisions of title 23, United  
 12   States Code, the following sums are authorized to be ap-  
 13   propriated out of the Highway Trust Fund (other than  
 14   the Mass Transit Account):

15       “(1) INTERSTATE MAINTENANCE PROGRAM.—  
 16       For the interstate maintenance program  
 17       \$3,500,000,000 for each of fiscal years 1995 and  
 18       1996.

19       “(2) SURFACE TRANSPORTATION PROGRAM.—  
 20       For the surface transportation program

1       \$3,000,000,000 for each of fiscal years 1995 and  
2       1996.

3           “(3) BRIDGE PROGRAM.—For the bridge pro-  
4       gram \$3,500,000,000 for each of fiscal years 1995  
5       and 1996.”.

6       (b) NON-APPLICABILITY OF OBLIGATION CEILING.—  
7       Funds authorized by the amendment made by subsection  
8       (a) shall not be subject to any obligation limitation.

9       **SEC. 1002. FEDERAL TRANSIT PROGRAMS.**

10       (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
11       5338 of title 49, United States Code, is amended by add-  
12       ing at the end the following:

13       “(m) ADDITIONAL FUNDING.—

14           “(1) FORMULA GRANT PROGRAMS.—

15               “(A) FROM THE TRUST FUND.—There  
16       shall be available from the Mass Transit Ac-  
17       count of the Highway Trust Fund to carry out  
18       section 5311 of this title \$125,000,000 for each  
19       of fiscal years 1995 and 1996. Such sums shall  
20       remain available until expended.

21               “(B) FROM GENERAL FUNDS.—There are  
22       authorized to be appropriated to carry out sec-  
23       tions 5307 and 5336 of this title \$825,000,000  
24       for each of fiscal years 1995 and 1996. Such  
25       sums shall remain available until expended.

1 “(2) DISCRETIONARY GRANTS AND LOANS.—

2 There shall be available from the Mass Transit Ac-  
 3 count of the Highway Trust Fund only to carry out  
 4 section 5309 of this title \$650,000,000 for each of  
 5 fiscal years 1995 and 1996. Such sums shall remain  
 6 available until expended.”.

7 (b) CONTRACT AUTHORITY.—Section 5338(k) of  
 8 such title is amended—

9 (1) in paragraph (1) by striking “or (e)” and  
 10 inserting “(e), (m)(1)(A), or (m)(2)”; and

11 (2) in paragraph (2) by striking “or (b)(2)”  
 12 and inserting “, (b)(2), or (m)(1)(B)”.

13 (c) SPECIAL NEEDS OF ELDERLY PERSONS AND  
 14 PERSONS WITH DISABILITIES.—Section 5338(j)(1) of  
 15 such title is amended by striking “subsection (a)(2)” and  
 16 inserting “subsections (a)(2) and (m)(1)(B)”.

17 (d) NON-APPLICABILITY OF OBLIGATION CEILING.—  
 18 Funds authorized by the amendment made by subsection  
 19 (a) shall not be subject to any obligation limitation.

## 20 **Subtitle B—Airports**

### 21 **SEC. 1101. AIRPORT IMPROVEMENT PROGRAM.**

22 Section 48103 of title 49, United States Code, is  
 23 amended by adding at the end the following: “In addition  
 24 to amounts made available by the preceding sentence,  
 25 there shall be available to the Secretary for such grants

1 (including grants for airport noise compatibility planning  
 2 under such section 47505(a)(2)) and for carrying out  
 3 noise compatibility programs or parts thereof under such  
 4 section 47504(c) \$1,000,000,000 for each of fiscal years  
 5 1995 and 1996.”.

## 6 **Subtitle C—Railroads**

### 7 **SEC. 1201. LOCAL RAIL FREIGHT ASSISTANCE.**

8 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
 9 22108(a)(1) of title 49, United States Code, is amended  
 10 by adding at the end the following:

11 “(C) \$1,000,000,000 for the fiscal year ending  
 12 September 30, 1995.

13 “(D) \$1,000,000,000 for the fiscal year ending  
 14 September 30, 1996.”.

15 (b) LIMITATION ON APPROPRIATIONS.—Section  
 16 22108(a)(3) of such title is amended by striking “after  
 17 September 30, 1994” and inserting “after September 30,  
 18 1996”.

## 19 **Subtitle D—Water and Sewage** 20 **Treatment Facilities**

### 21 **SEC. 1301. STATE WATER POLLUTION CONTROL REVOLV-** 22 **ING FUNDS.**

23 Section 607 of the Federal Water Pollution Control  
 24 Act (33 U.S.C. 1387) is amended—

1 (1) by striking “and” at the end of paragraph  
2 (4);

3 (2) by striking the period at the end of para-  
4 graph (5) and inserting a semicolon; and

5 (3) by adding at the end the following:

6 “(6) \$4,000,000,000 for fiscal year 1995; and

7 “(7) \$4,000,000,000 for fiscal year 1996.”.

## 8 **Subtitle E—Environmental** 9 **Restoration**

### 10 **SEC. 1401. ENVIRONMENTAL RESTORATION AT FACILITIES**

#### 11 **OF THE DEPARTMENT OF DEFENSE AND DE-**

#### 12 **PARTMENT OF ENERGY.**

#### 13 (a) AUTHORIZATION OF APPROPRIATIONS.—

14 (1) DEPARTMENT OF DEFENSE.—There is  
15 hereby authorized to be appropriated to the Sec-  
16 retary of Defense for each of fiscal years 1995 and  
17 1996 for environmental restoration the following:

18 (A) \$1,000,000,000, for deposit into the  
19 Defense Environmental Restoration Account es-  
20 tablished in section 2703 of title 10, United  
21 States Code.

22 (B) \$1,000,000,000, for deposit into the  
23 Department of Defense Base Closure Account  
24 1990 established in section 2906(a) of the Na-  
25 tional Defense Authorization Act for Fiscal



1 Year 1991 (Public Law 101–510; 10 U.S.C.  
2 2687 note), of which—

3 (i) \$500,000,000 shall be used to  
4 carry out environmental restoration activi-  
5 ties at military installations selected in  
6 1993 for closure or realignment under the  
7 Defense Base Closure and Realignment  
8 Act of 1990 (part A of title XXIX of Pub-  
9 lic Law 101–510; 10 U.S.C. 2687 note);  
10 and

11 (ii) \$500,000,000 shall be used to  
12 carry out environmental restoration activi-  
13 ties at military installations selected in  
14 1995 for closure or realignment under  
15 such Act.

16 (2) DEPARTMENT OF ENERGY.—There is ap-  
17 propriated to the Secretary of Energy for each of  
18 fiscal years 1995 and 1996 for environmental res-  
19 toration and waste management at defense nuclear  
20 facilities the following:

21 (A) \$1,000,000,000, for environmental res-  
22 toration.

23 (B) \$750,000,000, for waste management.

24 (C) \$250,000,000, for corrective activities.

1 (b) APPROPRIATIONS FOR FISCAL YEAR 1995.—The  
2 following sums are appropriated, out of any money in the  
3 Treasury not otherwise appropriated, for the fiscal year  
4 ending September 30, 1995, to implement the provisions  
5 of this Act, namely:

6 DEPARTMENT OF DEFENSE

7 OPERATION AND MAINTENANCE

8 ENVIRONMENTAL RESTORATION, DEFENSE

9 For the Department of Defense, for deposit into the  
10 Defense Environmental Restoration Account established  
11 in section 2703 of title 10, United States Code,  
12 \$1,000,000,000, to remain available until transferred.

13 MILITARY CONSTRUCTION

14 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART II

15 For deposit into the Department of Defense Closure  
16 Account 1990 established by section 2906(a) of the Na-  
17 tional Defense Authorization Act for Fiscal Year 1991  
18 (Public Law 101–510; 10 U.S.C. 2687 note),  
19 \$500,000,000, to be available solely for environmental res-  
20 toration and to remain available until expended.

21 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART III

22 For deposit into the Department of Defense Closure  
23 Account 1990 established by section 2906(a) of the Na-  
24 tional Defense Authorization Act for Fiscal Year 1991  
25 (Public Law 101–510; 10 U.S.C. 2687 note),

1 \$500,000,000, to be available solely for environmental res-  
2 toration and to remain available until expended.

3 DEPARTMENT OF ENERGY  
4 DEFENSE ENVIRONMENTAL RESTORATION AND WASTE  
5 MANAGEMENT

6 For Department of Energy expenses necessary for  
7 atomic energy defense environmental restoration and  
8 waste management activities, \$2,000,000,000, to remain  
9 available until expended: *Provided*, That of the funds ap-  
10 propriated herein, \$1,000,000,000 shall be available for  
11 environmental restoration, \$750,000,000 shall be available  
12 for waste management, and \$250,000,000 shall be avail-  
13 able for corrective activities.

14 (c) APPROPRIATIONS FOR FISCAL YEAR 1996.—The  
15 following sums are appropriated, out of any money in the  
16 Treasury not otherwise appropriated, for the fiscal year  
17 ending September 30, 1996, to implement the provisions  
18 of this Act, namely:

19 DEPARTMENT OF DEFENSE  
20 OPERATION AND MAINTENANCE  
21 ENVIRONMENTAL RESTORATION, DEFENSE

22 For the Department of Defense, for deposit into the  
23 Defense Environmental Restoration Account established  
24 in section 2703 of title 10, United States Code,  
25 \$1,000,000,000, to remain available until transferred.

## 1 MILITARY CONSTRUCTION

## 2 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART II

3 For deposit into the Department of Defense Closure  
4 Account 1990 established by section 2906(a) of the Na-  
5 tional Defense Authorization Act for Fiscal Year 1991  
6 (Public Law 101-510; 10 U.S.C. 2687 note),  
7 \$500,000,000, to be available solely for environmental res-  
8 toration and to remain available until expended.

## 9 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART III

10 For deposit into the Department of Defense Closure  
11 Account 1990 established by section 2906(a) of the Na-  
12 tional Defense Authorization Act for Fiscal Year 1991  
13 (Public Law 101-510; 10 U.S.C. 2687 note),  
14 \$500,000,000, to be available solely for environmental res-  
15 toration and to remain available until expended.

## 16 DEPARTMENT OF ENERGY

## 17 DEFENSE ENVIRONMENTAL RESTORATION AND WASTE

## 18 MANAGEMENT

19 For Department of Energy expenses necessary for  
20 atomic energy defense environmental restoration and  
21 waste management activities, \$2,000,000,000, to remain  
22 available until expended: *Provided*, That of the funds ap-  
23 propriated herein, \$1,000,000,000 shall be available for  
24 environmental restoration, \$750,000,000 shall be available  
25 for waste management, and \$250,000,000 shall be avail-  
26 able for corrective activities.

1 (d) DESIGNATION AS EMERGENCY REQUIREMENT.—  
 2 The entire amount appropriated under this section is des-  
 3 ignated by Congress as an emergency requirement pursu-  
 4 ant to section 251(b)(2)(D)(i) of the Balanced Budget and  
 5 Emergency Deficit Control Act of 1985.

6 **Subtitle F—Community**  
 7 **Development Assistance**

8 **CHAPTER 1—COMMUNITY DEVELOPMENT**  
 9 **BLOCK GRANTS**

10 **SEC. 1501. AUTHORIZATION OF APPROPRIATIONS.**

11 For assistance under section 106 of the Housing and  
 12 Community Development Act of 1974, there is authorized  
 13 to be appropriated, in addition to any amounts authorized  
 14 under section 103 of such Act, \$2,000,000,000 for fiscal  
 15 year 1995 and \$2,000,000,000 for fiscal year 1996.

16 **CHAPTER 2—COMMUNITY BANKING AND**  
 17 **ECONOMIC EMPOWERMENT ACT**

18 **SEC. 1511. SHORT TITLE.**

19 This chapter may be cited as the “Community Bank-  
 20 ing and Economic Empowerment Act”.

21 **SEC. 1512. AUTHORITY OF SECRETARY.**

22 (a) IN GENERAL.—To make credit and credit-related  
 23 services available to low-income families and others not  
 24 adequately served by traditional lending institutions and  
 25 promote community development, economic development,

1 and revitalization of low-income neighborhoods, the Sec-  
2 retary of Housing and Urban Development shall provide,  
3 to the extent amounts are provided in appropriation  
4 Acts—

5 (1) assistance under section 1514 to community  
6 development lenders and other eligible entities that  
7 have submitted applications under section 1516 that  
8 have been approved by the Secretary and have en-  
9 tered into agreements with the Secretary under sec-  
10 tion 1517; and

11 (2) technical assistance under section 1519 to  
12 assist in organizing and operating community devel-  
13 opment lenders.

14 (b) CONSULTATION.—The Secretary of Housing and  
15 Urban Development shall consult with the Secretary of the  
16 Treasury in developing, implementing, and carrying out  
17 this chapter, and in providing assistance to community de-  
18 velopment lenders under section 1514.

19 **SEC. 1513. ELIGIBLE COMMUNITY DEVELOPMENT LEND-**  
20 **ERS.**

21 (a) IN GENERAL.—Applications for assistance under  
22 section 1514 may be submitted only by the following enti-  
23 ties:

24 (1) COMMUNITY DEVELOPMENT LENDERS.—  
25 Any corporation, partnership, organization, agency,

1 person, or other entity (which may include for-profit  
2 and nonprofit entities, community development cor-  
3 porations, microenterprise organizations, community  
4 organizations, and other entities and persons) that—

5 (A) is organized for the purposes described  
6 in subsection (b); and

7 (B) is not a depository institution (as such  
8 term is defined in section 3(c) of the Federal  
9 Deposit Insurance Act) or a credit union, or an  
10 affiliate or subsidiary of a depository institution  
11 or credit union (including community develop-  
12 ment credit unions, savings and loan associa-  
13 tions, and other depository institutions).

14 (2) ELIGIBLE ENTITIES ESTABLISHING COMMU-  
15 NITY DEVELOPMENT LENDERS.—Any corporation,  
16 partnership, organization, agency, person, or other  
17 entity that—

18 (A) is engaged in organizing or establish-  
19 ing a community development financial institu-  
20 tion; and

21 (B) is not a depository institution (as such  
22 term is defined in section 3(c) of the Federal  
23 Deposit Insurance Act) or a credit union, or an  
24 affiliate or subsidiary of a depository institution  
25 or credit union (including community develop-

1           ment credit unions, savings and loan associa-  
2           tions, and other depository institutions).

3           (b) PURPOSE.—To be eligible to receive assistance  
4 under section 1514, a community development lender ap-  
5 plying for such assistance (or to be established by the eligi-  
6 ble entity applying for such assistance) shall have among  
7 its principal purposes making credit and credit-related  
8 services available to low-income families and in low-income  
9 neighborhoods and promoting the development and revital-  
10 ization of low-income neighborhoods. The community de-  
11 velopment lender shall carry out such purpose by making  
12 loans to individuals, families, businesses, organizations,  
13 and other entities and conducting such other activities and  
14 services relating to making loans (such as loan counseling  
15 and servicing) as the lender considers appropriate. Such  
16 loans may include mortgage loans, loans for housing devel-  
17 opment, rehabilitation, and weatherization, business devel-  
18 opment and assistance loans, personal loans, operating  
19 loans, construction loans, loans for community and  
20 economic development activities, and other repayable  
21 assistance.

22           (c) GOVERNANCE.—To be eligible to receive assist-  
23 ance under section 1514, a community development lender  
24 applying for such assistance (or to be established by the



1 eligible entity applying for such assistance) shall be gov-  
2 erned by a board of directors that—

3 (1) is solely responsible for determining policy  
4 for the community development lender with respect  
5 to management and operations, lending activities,  
6 loan standards and implementation, employment,  
7 asset management, and any other issues; and

8 (2) includes among its members a significant  
9 number of members who are individuals meeting the  
10 requirements of any of subparagraphs (A) through  
11 (D), who shall include—

12 (A) individuals who are members of low-in-  
13 come families;

14 (B) individuals who are residents of the  
15 low-income neighborhood served by the lender;

16 (C) individuals who are experienced in pro-  
17 viding financial assistance or financial advice to  
18 low-income individuals or residents, businesses,  
19 or organizations in low-income neighborhoods;  
20 and

21 (D) individuals who have significant expe-  
22 rience in serving the low-income neighborhood  
23 served by the lender, the community in which  
24 such neighborhood is located, or any other low-  
25 income neighborhood.

1 **SEC. 1514. CAPITAL AND OPERATING ASSISTANCE FOR**  
2 **COMMUNITY DEVELOPMENT LENDERS.**

3 (a) **AUTHORITY.**—The Secretary may provide assist-  
4 ance under this section to community development lenders  
5 and eligible entities establishing community development  
6 lenders, for the purposes under subsection (b).

7 (b) **PURPOSES.**—Assistance under this section may  
8 be used only as provided in the assistance agreement  
9 under section 1517 for the community development lender  
10 or eligible entity and only for the following purposes:

11 (1) **FEASIBILITY STUDIES.**—To carry out stud-  
12 ies to determine the feasibility of establishing a pro-  
13 gram to make loans for the purposes under section  
14 1513(b) within a particular low-income neighbor-  
15 hood.

16 (2) **CAPITAL ASSISTANCE.**—To provide capital  
17 for the community development lender—

18 (A) to establish or supplement amounts  
19 available for loans for the purposes under sec-  
20 tion 1513(b);

21 (B) to provide credit enhancement for  
22 loans for the purposes under section 1513(b);

23 (C) to establish or supplement capital re-  
24 serves of the lender; and

25 (D) to carry out other activities, as the  
26 Secretary may provide.

1           (3) OPERATING COSTS.—To provide amounts to  
2       cover operating costs of the community development  
3       lender, including marketing and management activi-  
4       ties, business planning and counseling services, staff  
5       training, planning costs, costs relating to establish-  
6       ing the community development lender or changing  
7       the activities or management of a financial institu-  
8       tion or other organization or entity to include com-  
9       munity development lending activities.

10       (c) OTHER TERMS.—The Secretary may establish  
11     any terms and conditions of assistance under this section  
12     that the Secretary considers appropriate to carry out the  
13     purposes of this subtitle, including limitations on the  
14     amount of assistance provided to any community develop-  
15     ment lender or eligible entity, limitations on the number  
16     of applications that may be approved for any single com-  
17     munity development lender or eligible entity, and require-  
18     ments and limitations for the amounts and timing of the  
19     disbursement of assistance.

20       (d) NON-FEDERAL FUNDS REQUIREMENT.—The  
21     Secretary may not provide assistance under this section  
22     to any eligible entity for the establishment of a community  
23     development lender in an amount in excess of 9 times the  
24     amount that the entity certifies, as the Secretary shall re-  
25     quire, that the entity will contribute from non-Federal

1 sources to the community development lender established  
2 with amounts provided under this section.

3 **SEC. 1515. REQUIREMENTS OF ASSISTED COMMUNITY DE-**  
4 **VELOPMENT LENDERS.**

5 (a) PROHIBITION OF DIRECT ASSISTANCE.—A com-  
6 munity development lender that receives assistance under  
7 section 1514 (or established by an eligible entity that re-  
8 ceives such assistance) may not provide amounts to any  
9 person from assistance received under such section in the  
10 form of a grant or nonrepayable advance or on any other  
11 nonrepayable basis, during the assistance agreement term  
12 established by the assistance agreement for the lender  
13 under section 1517.

14 (b) LOW-INCOME FAMILY REQUIREMENTS.—

15 (1) REQUIREMENT.—In each calendar year dur-  
16 ing the applicable assistance agreement term, a com-  
17 munity development lender that receives assistance  
18 under section 1514 (or established by an eligible en-  
19 tity that receives such assistance) shall make loans  
20 under section 1513(b) benefiting low-income fami-  
21 lies—

22 (A) in a number that is not less than 50  
23 percent of the total number of loans made by  
24 the lender during such year; and

1 (B) in an amount such that the sum of the  
2 principal amounts of such loans is not less than  
3 50 percent of the sum of the principal amounts  
4 of all loans made by the lender during such  
5 year.

6 (2) DETERMINATION OF BENEFIT.—

7 (A) DIRECT BENEFIT.—A loan shall be  
8 considered to benefit a low-income family for  
9 purposes of paragraph (1) if the loan—

10 (i) is made to such a family;

11 (ii) is made for an activity that is car-  
12 ried out in a low-income neighborhood and  
13 for providing services for such families;

14 (iii) is made for providing facilities de-  
15 signed for the use predominantly by such  
16 families; or

17 (iv) is made for an activity that in-  
18 volves employment of persons, a majority  
19 of whom are members of such families.

20 (B) ACTIVITIES OF GENERAL BENEFIT.—

21 In any case in which an activity assisted with  
22 a loan is designed to serve an area generally  
23 and is clearly designed to meet identified needs  
24 of low-income families in such area, such loan  
25 or activity shall be considered to benefit low-in-

1           come families for purposes of paragraph (1) to  
2           the extent that the area is a low-income neigh-  
3           borhood.

4           (C) HOUSING.—A loan for the acquisition,  
5           construction, or rehabilitation of property to  
6           provide housing shall be considered to benefit  
7           low-income families for purposes of paragraph  
8           (1) only to the extent that such housing, upon  
9           completion, is occupied by low-income families.

10       (c) LOW-INCOME NEIGHBORHOOD REQUIRE-  
11 MENTS.—In each calendar year during the applicable as-  
12 sistance agreement term, a community development lender  
13 that receives assistance under section 1514 (or established  
14 by an eligible entity that receives such assistance) shall  
15 make loans under section 1513(b) for facilities or activities  
16 that serve the low-income neighborhood served by the  
17 lender—

18           (1) in a number that is not less than 50 percent  
19           of the total number of loans made by the lender dur-  
20           ing such year; and

21           (2) in an amount such that the sum of the prin-  
22           cipal amounts of such loans is not less than 50 per-  
23           cent of the sum of the principal amounts of all loans  
24           made by the lender during such year.

1 (d) EMPLOYMENT PLAN.—During the applicable as-  
2 sistance agreement term, a community development lender  
3 that receives assistance under section 1514 (or established  
4 by an eligible entity that receives such assistance) shall  
5 establish and comply with a written employment plan  
6 under this subsection. The Secretary shall, by regulation,  
7 require that each employment plan under this subsection  
8 set forth a policy for hiring employees of the community  
9 development lender that—

10 (1) furthers the purposes of this subtitle by  
11 providing employment opportunities in the neighbor-  
12 hood served by the community development lender  
13 for residents of the neighborhood; and

14 (2) gives preference in hiring to—

15 (A) individuals who are members of low-in-  
16 come families residing in the neighborhood  
17 served by the community development lender;  
18 and

19 (B) individuals who were formerly em-  
20 ployed in positions at any office or branch of a  
21 depository institution, credit union, or other fi-  
22 nancial institution that is or was located in the  
23 neighborhood served by the community develop-  
24 ment lender and who are not employed in such  
25 positions because of the closing or reorganiza-

1           tion of the office, branch, or institution, or be-  
2           cause of the elimination of such positions or  
3           any decrease in compensation paid for such  
4           positions.

5       (e) RESERVE REQUIREMENTS.—

6           (1) MAINTENANCE OF RESERVE.—During the  
7           applicable assistance agreement term, a community  
8           development lender that receives assistance under  
9           section 1514 (or established by an eligible entity  
10          that receives such assistance) shall maintain, at all  
11          times, a reserve against losses on loans and any  
12          other losses in the amount determined under para-  
13          graph (2).

14          (2) ESTABLISHMENT OF REQUIREMENTS.—The  
15          Secretary shall, by regulation, establish reserve  
16          amounts to be maintained by community develop-  
17          ment lenders taking into consideration the purposes  
18          of such lenders, the nature of lending engaged in by  
19          such lenders, the size and amount of business of  
20          such lenders, the need for such lending in the com-  
21          munities and low-income neighborhoods served by  
22          such lenders, and any other factors the Secretary  
23          considers appropriate.

24          (3) REPLENISHMENT.—If at any time during  
25          the applicable assistance agreement term, the



1 amount reserved by a community development lender  
2 under this subsection is less than the amount re-  
3 quired to be reserved under the regulations issued  
4 pursuant to paragraph (2), the Secretary may take  
5 such actions as the Secretary may, by regulation,  
6 provide that are consistent with the purposes of this  
7 subtitle, including withholding any assistance  
8 amounts to be provided to the lender under the  
9 agreement under section 1517 but not yet disbursed  
10 and requiring the lender to replenish the reserve by  
11 regular contributions in the amounts determined by  
12 the Secretary.

13 (f) STAFF.—During the applicable assistance agree-  
14 ment term, a community development lender that receives  
15 assistance under section 1514 (or established by an eligi-  
16 ble entity that receives assistance under such section) shall  
17 maintain personnel qualified and capable of conducting  
18 the activities described under section 1513(b) and the  
19 other activities of the lender relating to community devel-  
20 opment, as the Secretary may require.

21 **SEC. 1516. APPLICATION AND APPROVAL FOR ASSISTANCE.**

22 (a) REQUIREMENT.—The Secretary may provide as-  
23 sistance under section 1514 only to community develop-  
24 ment lenders and eligible entities establishing community  
25 development lenders that have submitted applications

1 under this section to the Secretary that have been ap-  
2 proved under subsection (d).

3 (b) TIME AND MANNER.—The Secretary shall estab-  
4 lish requirements regarding the submission of applications  
5 under this section, which shall include requirements for  
6 the time and manner of submission.

7 (c) CONTENTS.—An application under this section  
8 shall contain the following information:

9 (1) COMMUNITY DEVELOPMENT LENDER.—A  
10 description of—

11 (A) the existing community development fi-  
12 nancial institution to be assisted; or

13 (B) in the case of an eligible entity submit-  
14 ting the application for assistance, the commu-  
15 nity development lender to be established by the  
16 eligible entity, the existing relationship between  
17 the eligible entity and the community develop-  
18 ment lender to be established, and any continu-  
19 ing relationship that will exist between the  
20 eligible entity and the community development  
21 lender.

22 (2) LOW-INCOME NEIGHBORHOOD SERVED.—  
23 Identification and a description of the low-income  
24 neighborhood in which the community development  
25 lender is, or is to be, located and conduct its prin-

1        cipal operations and a description of the existing  
2        availability of credit and credit-related services in  
3        such neighborhood.

4            (3) TYPES OF BUSINESS.—A description of the  
5        types of business engaged in, or to be engaged in,  
6        by the community development lender and of the  
7        need for such business in the neighborhood served  
8        by the community development lender.

9            (4) BOARD OF DIRECTORS AND OPERATION.—  
10       In the case of an application by an existing commu-  
11       nity development lender, a description of the board  
12       of directors of the community development lender  
13       and the structure of the management and operations  
14       of the community development lender.

15           (5) FINANCIAL EXPERTISE.—In the case of an  
16       application by an existing community development  
17       lender, a description of any lending or financial ex-  
18       pertise or experience of the members of the board of  
19       directors of the community development lender and  
20       the managers or employees of the lender.

21           (6) FINANCIAL HISTORY.—In the case of an ap-  
22       plication by an existing community development  
23       lender, any financial information regarding the com-  
24       munity development lender that the Secretary con-  
25       siders necessary in determining whether to provide

1 assistance to the community development lender, in-  
2 cluding information regarding any history of compli-  
3 ance with the requirements of section 1515.

4 (7) REGULATION.—Identification of any Fed-  
5 eral, State, and local laws, ordinances, and regula-  
6 tions under which the financial operations of the  
7 community development lender are, or are to be,  
8 subject to the supervision, approval, regulation, or  
9 insuring of any agency or other instrumentality of  
10 the Federal Government or the State or local gov-  
11 ernment and identification of the agency or instru-  
12 mentality.

13 (8) NEW COMMUNITY DEVELOPMENT LEND-  
14 ERS.—In the case of an application by an eligible  
15 entity for assistance for the establishment of a com-  
16 munity development lender, any financial, organiza-  
17 tional, or other information that the Secretary con-  
18 sidered necessary in determining whether to provide  
19 such assistance.

20 (9) ASSISTANCE.—A description of the amount  
21 of assistance for which the community development  
22 lender or eligible entity is applying and a description  
23 of the purposes for which such assistance will be  
24 used.

1           (10) EMPLOYMENT PLAN.—An employment  
2           plan in accordance with the regulations issued under  
3           section 1515(d).

4           (11) COMPLIANCE WITH REQUIREMENTS.—A  
5           description of the actions to be taken by the commu-  
6           nity development lender (or the eligible entity estab-  
7           lishing the community development lender) to ensure  
8           compliance with the requirements under section  
9           1515.

10          (12) OTHER.—Any other information the Sec-  
11          retary considers appropriate to carry out, and en-  
12          sure compliance with, the provisions of this subtitle.

13          (d) REVIEW AND APPROVAL.—

14               (1) REVIEW.—The Secretary shall promptly re-  
15               view each application submitted under this section.

16               (2) MINIMUM STANDARDS FOR APPROVAL.—  
17               The Secretary may approve an application under  
18               this section for assistance only if the Secretary de-  
19               termines, based on the information contained in an  
20               application, that—

21                       (A) the lender will operate in accordance  
22                       with the requirements of this chapter and in a  
23                       financially safe and sound manner; and

24                       (B) the assistance is necessary and appro-  
25                       priate to facilitate the provision of credit and

1 credit-related services in the neighborhood  
2 served by the lender to low-income families and  
3 others not adequately served by traditional  
4 lending institutions.

5 (3) SELECTION CRITERIA.—The Secretary shall  
6 approve applications under this subsection based on  
7 competitive selection criteria, which the Secretary  
8 shall establish by regulation.

9 (4) NOTIFICATION.—The Secretary shall  
10 promptly notify each applicant of the approval or  
11 disapproval of the applicant's application. In the  
12 case of any disapproval, such notification shall in-  
13 clude a statement of the reasons for the disapproval  
14 and of the availability of technical assistance under  
15 section 1519.

16 **SEC. 1517. ASSISTANCE AGREEMENTS.**

17 (a) REQUIREMENT.—The Secretary may not provide  
18 assistance under section 1514 for an application for such  
19 assistance approved under section 1516 unless the com-  
20 munity development lender or eligible entity submitting  
21 the application enters into a written agreement with the  
22 Secretary under this section.

23 (b) CONTENTS.—An agreement under this section  
24 shall provide the following:

1           (1) NEIGHBORHOOD SERVED.—A delineation of  
2           the boundaries of the low-income neighborhood with-  
3           in which the community development lender shall be  
4           located and in which the lender shall conduct its  
5           principal operations.

6           (2) COMPLIANCE WITH REQUIREMENTS.—That  
7           the community development lender shall comply with  
8           the requirements under section 1515.

9           (3) SAFE AND SOUND OPERATION.—That the  
10          community development lender shall operate in a fi-  
11          nancially safe and sound manner.

12          (4) BOOKS AND RECORDS.—That the commu-  
13          nity development lender shall operate and maintain  
14          books and records in accordance with the regulations  
15          issued by the Secretary under section 1518 and will  
16          provide the Secretary with access to such books and  
17          records for purposes of determining the compliance  
18          of the lender with the requirements of this subtitle  
19          and the provisions of the agreement under this  
20          section.

21          (5) PERFORMANCE STANDARDS AND SANC-  
22          TIONS.—Standards for the performance and finan-  
23          cial operation of the community development lender  
24          appropriate for the particular lender, including  
25          standards relating to the lending volume, portfolio

1 performance, personnel development, service to the  
2 neighborhood served by the lender, and sanctions for  
3 failure to comply with such standards.

4 (6) REPORTS.—That the community develop-  
5 ment lender (or the eligible entity establishing the  
6 community development lender) shall submit reports  
7 to the Secretary including such information, at such  
8 times, and in such manner, as required by the Sec-  
9 retary and provided in the agreement.

10 (7) ASSISTANCE.—The amount of assistance to  
11 be provided to the community development lender  
12 (or eligible entity establishing the community devel-  
13 opment lender), the purposes under section 1514(b)  
14 for which such assistance will be used, and the tim-  
15 ing and terms of the disbursement of such assist-  
16 ance.

17 (8) OTHER CONDITIONS.—That the community  
18 development lender shall comply with any other writ-  
19 ten conditions (which shall be contained in the  
20 agreement) that the Secretary considers appropriate  
21 to carry out the purposes of this subtitle.

22 (9) PERIOD OF COMPLIANCE.—The period dur-  
23 ing which the community development lender shall  
24 comply with the provisions of the agreement under



1       this section, which shall not be shorter than 12  
2       months in duration.

3       (c) FEDERAL OR OTHER REGULATION OF LEND-  
4 ER.—An agreement under this section may not be con-  
5 strued to annul, alter, affect, or exempt the community  
6 development lender receiving assistance pursuant to the  
7 agreement (or established by the eligible entity receiving  
8 such assistance) from complying with any Federal, State,  
9 or local laws, ordinances, and regulations applicable to the  
10 financial and other operations of community development  
11 lender or with any orders or rulings of any agency or in-  
12 strumentality of the Federal Government or the State or  
13 local government responsible for the supervision, approval,  
14 regulation, or insuring of the community development  
15 lender.

16 **SEC. 1518. BOOKS, RECORDS, AND AUDITS.**

17       (a) BOOKS AND RECORDS.—During the applicable  
18 assistance agreement term, a community development  
19 lender that receives assistance under section 1514 (or es-  
20 tablished by an eligible entity that receives such assist-  
21 ance) shall maintain the books and records of the lender  
22 in the manner that the Secretary shall, by regulation,  
23 require.

24       (b) EXAMINATIONS AND AUDITS.—

1           (1) RECERTIFICATION.—The Secretary shall,  
2           not less than once each year during the applicable  
3           assistance agreement term, conduct an examination  
4           of the books, records, and financial accounts and  
5           transactions of each community development lender  
6           receiving assistance under section 1514 (or estab-  
7           lished by an eligible entity receiving assistance under  
8           such section) for the purpose of determining compli-  
9           ance of the lender with this subtitle and the provi-  
10          sions of the agreement.

11          (2) OTHER.—During the applicable assistance  
12          agreement term, the Secretary may conduct any  
13          other examinations and audits of such a community  
14          development lender and its accounts and trans-  
15          actions that the Secretary considers appropriate to  
16          determine the condition of the lender and compliance  
17          with the provisions of the assistance agreement.

18 **SEC. 1519. TECHNICAL ASSISTANCE FOR ORGANIZING AND**  
19 **OPERATING COMMUNITY DEVELOPMENT**  
20 **LENDERS.**

21          (a) ASSISTANCE TO ESTABLISH COMMUNITY DEVEL-  
22          OPMENT LENDERS.—The Secretary shall carry out a pro-  
23          gram under this subsection to provide technical assistance  
24          in establishing community development financial institu-  
25          tions, which shall include—

1           (1) educating organizations, financial institu-  
2           tions, governmental agencies, and other entities and  
3           persons in low-income neighborhoods and elsewhere  
4           regarding the need for, capabilities, functions, and  
5           organization of community development lenders;

6           (2) educating and training organizations, finan-  
7           cial institutions, and other entities and persons in  
8           organizing community development lenders and ap-  
9           plying for assistance under this subtitle for estab-  
10          lishment of community development lenders;

11          (3) assisting entities and persons interested in  
12          establishing community development lenders in iden-  
13          tifying community lending needs and meeting the  
14          application requirements and preparing applications  
15          under this subtitle; and

16          (4) assisting community development lenders  
17          and eligible entities whose applications have been  
18          disapproved under section 1516(d) to submit approv-  
19          able applications for assistance under section 1514.

20          (b) ASSISTANCE FOR OPERATING COMMUNITY DE-  
21          VELOPMENT LENDERS.—The Secretary shall carry out a  
22          program under this subsection to provide technical assist-  
23          ance to community development lenders, which shall in-  
24          clude—

1           (1) education and training regarding manage-  
2           ment and operation of the lenders, including design-  
3           ing and utilizing lending practices to target credit to  
4           low-income families and neighborhoods, complying  
5           with financial and accounting standards under the  
6           agreement for the lender under section 1517, and  
7           implementing effective asset management and fund  
8           development techniques;

9           (2) collecting and disseminating information  
10          from various community development lenders re-  
11          garding successful management and operation tech-  
12          niques, lending practices, and lending activities; and

13          (3) training personnel of lenders to meet re-  
14          quirements under section 1515(f).

15          (c) PROVISION OF ASSISTANCE.—The Secretary may  
16          provide technical assistance under this section directly or  
17          through public or private organizations pursuant to con-  
18          tracts with such organizations or grants to such organiza-  
19          tions.

20          (d) ADMINISTRATION.—The Secretary may provide  
21          for making technical assistance under this section avail-  
22          able to community development lenders and eligible enti-  
23          ties that receive assistance under section 1514 pursuant  
24          to a request for such assistance in an application under  
25          section 1516, approval of the application, and the inclu-

1 sion of terms in the assistance agreement under section  
2 1517 providing for such assistance.

3 **SEC. 1520. RELATIONSHIP TO COMMUNITY REINVESTMENT**

4 **ACT OF 1977.**

5 Section 807(b) of the Community Reinvestment Act  
6 of 1977 (12 U.S.C. 2906(b)) is amended by adding at the  
7 end the following new paragraph:

8 “(3) COORDINATION WITH COMMUNITY BANK-  
9 ING AND ECONOMIC EMPOWERMENT ACT.—No regu-  
10 lated financial institution may receive a rating of  
11 ‘outstanding record of meeting community credit  
12 needs’ or ‘satisfactory record of meeting community  
13 credit needs’ solely on the basis of loans to or invest-  
14 ments in community development lenders.”.

15 **SEC. 1521. REPORTS TO CONGRESS.**

16 The Secretary shall submit a report to the Congress  
17 not later than July 1 of each year in which the Secretary  
18 provides assistance under section 1514 to community de-  
19 velopment lenders or eligible entities, which shall de-  
20 scribe—

21 (1) the assistance provided under such section,  
22 the purposes for which such assistance will be used,  
23 the neighborhoods to be served by the community  
24 development lenders assisted, and the activities of  
25 community development lenders assisted; and

1           (2) any technical assistance provided under sec-  
2           tion 1519 by the Secretary.

3   **SEC. 1522. REGULATIONS.**

4           The Secretary of Housing and Urban Development,  
5           jointly with the Secretary of the Treasury, shall issue any  
6           regulations necessary to carry out this subtitle.

7   **SEC. 1523. DEFINITIONS.**

8           For purposes of this chapter:

9           (1) The term “assistance agreement” means an  
10          agreement under section 1517 between the Secretary  
11          and a community development lender or eligible en-  
12          tity receiving assistance under section 1514.

13          (2) The term “assistance agreement term”  
14          means the period established by an assistance agree-  
15          ment during which the community development lend-  
16          er that receives assistance under section 1514 pursu-  
17          ant to the agreement (or established by the eligible  
18          entity that receives such assistance) shall comply  
19          with the provision of the agreement.

20          (3) The term “community development finan-  
21          cial institution” means a financial institution de-  
22          scribed in section 1513(a)(1) that meets the require-  
23          ments under subsections (b) and (c) of section 1513.

24          (4) The term “community development lender”  
25          means a community development financial institu-

1       tion that meets the requirements under subsections  
2       (b) and (c) of section 1513.

3           (5) The term “eligible entity” means any entity  
4       described in section 1513(a)(2).

5           (6) The term “low-income family” means any  
6       individual or family whose income does not exceed  
7       80 percent of the median income for the area, as de-  
8       termined by the Secretary with adjustments for  
9       smaller and larger families; except that the Sec-  
10      retary may establish income ceilings higher or lower  
11      than 80 percent of the median for the area on the  
12      basis of any findings by the Secretary that such  
13      variations are necessary because of unusually high  
14      or low prevailing incomes.

15          (7) The term “low-income neighborhood”  
16      means any area within a city, county, town, town-  
17      ship, parish, village, or other general purpose sub-  
18      division of a State—

19           (A) that has a continuous boundary; and

20           (B) in which not less than 20 percent of  
21      the residents are members of low-income fami-  
22      lies.

23          (8) The term “low-income neighborhood served  
24      by a community development lender” means the low-  
25      income neighborhood identified in an application

1 under section 1516 and an assistance agreement  
2 under section 1517 as the area in which the commu-  
3 nity development lender that receives assistance pur-  
4 suant to such application and agreement (or estab-  
5 lished by the eligible entity that receives such assist-  
6 ance) will be located and conduct its principal oper-  
7 ations.

8 (9) The term “Secretary” means the Secretary  
9 of Housing and Urban Development.

10 **SEC. 1524. AUTHORIZATION OF APPROPRIATIONS.**

11 There is authorized to be appropriated for each of  
12 fiscal years 1995 and 1996—

13 (1) \$800,000,000 for assistance under section  
14 1514; and

15 (2) \$200,000,000 for providing technical assist-  
16 ance under section 1519.

17 **Subtitle G—Education**  
18 **Infrastructure**

19 **SEC. 1601. SHORT TITLE.**

20 This subtitle may be cited as the “Education Infra-  
21 structure Act of 1994”.

22 **SEC. 1602. FINDINGS.**

23 The Congress finds that—

24 (1) improving the quality of public elementary  
25 and secondary school libraries, media centers, and



1 facilities will help our Nation meet the National  
2 Education Goals;

3 (2) Federal, State, and local funding for the re-  
4 pair, renovation, alteration and construction of pub-  
5 lic elementary and secondary school libraries, media  
6 centers, and facilities has not adequately reflected  
7 need; and

8 (3) the challenges facing our Nation's public el-  
9 ementary and secondary schools require the con-  
10 certed and collaborative efforts of all levels of gov-  
11 ernment and all sectors of the community.

12 **SEC. 1603. PURPOSE.**

13 It is the purpose of this subtitle to help our Nation  
14 meet the National Education Goals through the repair,  
15 renovation, alteration and construction of public elemen-  
16 tary and secondary school libraries, media centers, and fa-  
17 cilities, used for academic or vocational instruction.

18 **SEC. 1604. DEFINITIONS.**

19 For purposes of this subtitle—

20 (1) the term “alteration” refers to any change  
21 to an existing property for use for a different pur-  
22 pose or function;

23 (2) the term “construction” refers to the erec-  
24 tion of a building, structure, or facility, including the  
25 concurrent installation of equipment, site prepara-

1       tion, associated roads, parking, and utilities, which  
2       provides area or cubage not previously available, in-  
3       cluding—

4               (A) freestanding structures, additional  
5       wings, or floors, enclosed courtyards or  
6       entryways, and any other means to provide usa-  
7       ble program space that did not previously exist;  
8       and

9               (B) the complete replacement of an exist-  
10      ing facility;

11      (3) the term “eligible local educational agency”  
12      means a local educational agency, as such term is  
13      defined in section 1471 of the Elementary and Sec-  
14      ondary Education Act of 1965, which demonstrates  
15      in the application submitted under section 1607 that  
16      such agency—

17              (A) has urgent repair, renovation, alter-  
18      ation and construction needs for its public ele-  
19      mentary or secondary school libraries, media  
20      centers, and facilities, used for academic or vo-  
21      cational instruction; and

22              (B) serves large numbers or percentages of  
23      disadvantaged students;

1           (4) the term “renovation” refers to any change  
2           to an existing property to allow its more efficient use  
3           within such property’s designated purpose;

4           (5) the term “repair” refers to the restoration  
5           of a failed or failing real property facility, compo-  
6           nent, or a building system to such a condition that  
7           such facility, component, or system may be used ef-  
8           fectively for its designated purpose, if, due to the na-  
9           ture or extent of the deterioration or damage to such  
10          facility, component, or system, such deterioration or  
11          damage cannot be corrected through normal mainte-  
12          nance; and

13          (6) the term “Secretary”, unless otherwise  
14          specified, means the Secretary of Education.

15 **SEC. 1605. IMPROVEMENT OF PUBLIC ELEMENTARY AND**  
16 **SECONDARY EDUCATION FACILITIES PRO-**  
17 **GRAM AUTHORIZED.**

18          (a) PROGRAM AUTHORITY.—From amounts appro-  
19          priated pursuant to the authority of subsection (b) in any  
20          fiscal year, the Secretary shall award grants to eligible  
21          local educational agencies having applications approved  
22          under section 1606 to carry out the authorized activities  
23          described in section 1607.

24          (b) AUTHORIZATION OF APPROPRIATIONS.—There  
25          are to be appropriated \$3,000,000,000 for fiscal year

1 1995, and such sums as may be necessary for each of the  
2 fiscal years 1996 through 2004, to carry out this subtitle.

3 **SEC. 1606. APPLICATIONS.**

4 (a) CONTENTS REQUIRED.—Each eligible local edu-  
5 cational agency desiring to receive a grant under this sub-  
6 title shall submit an application to the Secretary. Each  
7 such application shall—

8 (1) contain an assurance that such application  
9 was developed in consultation with parents and  
10 classroom teachers; and

11 (2) include—

12 (A) a description of each architectural,  
13 civil, structural, mechanical, electrical, or tele-  
14 phone line, deficiency to be corrected with funds  
15 provided under this subtitle, including the prior-  
16 ity for the repair of the deficiency;

17 (B) a description of the corrective action to  
18 be supported with funds provided under this  
19 subtitle;

20 (C) a cost estimate of the proposed correc-  
21 tive action;

22 (D) an identification of the total amount  
23 and percentage of such agency's budget used in  
24 the preceding fiscal year for the maintenance,  
25 repair, renovation, alteration, and construction

1 of public elementary and secondary school li-  
2 braries, media centers, and facilities;

3 (E) a description of how such agency plans  
4 to maintain the repair, renovation, alteration,  
5 or construction supported with funds provided  
6 under this subtitle;

7 (F) a description of the extent to which the  
8 repair, renovation, alteration, or construction  
9 will help the Secretary meet the goals described  
10 in section 1609(1)(A); and

11 (G) such other information as the Sec-  
12 retary may reasonably require.

13 (b) PRIORITIES IN SELECTION OF APPLICATIONS.—  
14 In selecting applications for the award of grant funds  
15 under this subtitle, the Secretary shall give priority to  
16 local educational agencies that—

17 (1) are seeking funds for the repair, renovation,  
18 alteration, or construction of facilities that are the  
19 oldest for which funds are sought under this sub-  
20 title;

21 (2) have the highest number of facilities with  
22 health and safety hazards from one or more of the  
23 following sources: asbestos, lead, radon, plumbing,  
24 electrical wiring; and

1           (3) serve areas with high rates of unemploy-  
2       ment.

3   **SEC. 1607. AUTHORIZED ACTIVITIES.**

4       Each eligible local educational agency receiving a  
5   grant under this subtitle shall use such grant funds to help  
6   our Nation meet the National Education Goals through  
7   the repair, renovation, alteration, and construction of a  
8   public elementary or secondary school library, media cen-  
9   ter, or facility, used for academic or vocational instruction,  
10  including—

11           (1) inspection of such library, center, or facility;

12           (2) repairing such library, center, or facility  
13       that poses a health or safety risk to students;

14           (3) upgrading of and alteration to such library,  
15       center, or facility in order to accommodate new in-  
16       structional technology;

17           (4) meeting the requirements of section 504 of  
18       the Rehabilitation Act of 1973 and the Americans  
19       with Disabilities Act of 1990;

20           (5) removal or containment of severely hazard-  
21       ous material such as asbestos, lead, and radon using  
22       a cost-effective method;

23           (6) installation or upgrading of school security  
24       and communications systems;

25           (7) energy conservation;

1           (8) meeting Federal, State, or local codes relat-  
2       ed to fire, air, light, noise, waste disposal, building  
3       height, or other codes passed since the initial con-  
4       struction of such library, center, or facility; and

5           (9) replacing an old library, center, or facility  
6       that is most cost-effectively torn down rather than  
7       renovated.

8   **SEC. 1608. REQUIREMENTS.**

9       (a) SPECIAL RULES.—

10           (1) MAINTENANCE OF EFFORT.—An eligible  
11       local educational agency may receive a grant under  
12       this subtitle for any fiscal year only if the Secretary  
13       finds that either the combined fiscal effort per stu-  
14       dent or the aggregate expenditures of that agency  
15       and the State with respect to the provision of free  
16       public education by such local educational agency for  
17       the preceding fiscal year was not less than 90 per-  
18       cent of such combined fiscal effort or aggregate ex-  
19       penditures for the fiscal year for which the deter-  
20       mination is made.

21           (2) SUPPLEMENT NOT SUPPLANT.—An eligible  
22       local educational agency shall use funds received  
23       under this subtitle only to supplement the amount of  
24       funds that would, in the absence of such Federal  
25       funds, be made available from non-Federal sources

1 for the repair and construction of school facilities  
2 used for educational purposes, and not to supplant  
3 such funds.

4 (b) GENERAL LIMITATIONS.—

5 (1) REAL PROPERTY.—No part of any grant  
6 funds under this subtitle shall be used for the acqui-  
7 sition of any interest in real property.

8 (2) MAINTENANCE.—Nothing in this subtitle  
9 shall be construed to authorize the payment of main-  
10 tenance costs in connection with any projects con-  
11 structed in whole or in part with Federal funds pro-  
12 vided under this subtitle.

13 (3) ENVIRONMENTAL SAFEGUARDS.—All  
14 projects carried out with Federal funds provided  
15 under this subtitle shall comply with all relevant  
16 Federal, State, and local environmental laws and  
17 regulations.

18 (4) APPLICABILITY OF LAWS REGARDING INDIV-  
19 IDUALS WITH DISABILITIES.—Sections 504 and  
20 505 of the Rehabilitation Act of 1973 and the Amer-  
21 icans with Disabilities Act of 1990 shall apply to  
22 projects carried out with Federal funds provided  
23 under this subtitle.



1 **SEC. 1609. CONTRACTS.**

2 If a project assisted under this subtitle will be carried  
3 out pursuant to a contract, the following limitations shall  
4 apply:

5 (1) MINORITY PARTICIPATION.—The Secretary  
6 shall establish—

7 (A) goals for the participation of small  
8 business concerns as contractors or subcontrac-  
9 tors that meet or exceed the governmentwide  
10 goals established pursuant to section 15(g)(1)  
11 of the Small Business Act (15 U.S.C.  
12 644(g)(1)) for the participation of such con-  
13 cerns in contracts supported with funds under  
14 this subtitle (and subcontracts under such con-  
15 tracts); and

16 (B) an evaluation process for such partici-  
17 pation that gives significant weight to the goals  
18 described in subparagraph (A).

19 (2) DAVIS-BACON.—All laborers and mechanics  
20 employed by contractors or subcontractors in the  
21 performance of any contract and subcontract for the  
22 repair, renovation, alteration, or construction, in-  
23 cluding painting and decorating, of any building or  
24 work that is financed in whole or in part by a grant  
25 under this subtitle, shall be paid wages not less than  
26 those determined by the Secretary of Labor in ac-

1 cordance with the Act of March 3, 1931 (commonly  
2 known as the Davis-Bacon Act); as amended (40  
3 U.S.C. 276a–276a–5). The Secretary of Labor shall  
4 have the authority and functions set forth in reorga-  
5 nization plan of No. 14 of 1950 (15 FR 3176; 64  
6 Stat. 1267) and section 2 of the Act of June 1,  
7 1934 (commonly known as the Copeland Anti-Kick-  
8 back Act) as amended (40 U.S.C. 276c, 48 Stat.  
9 948).

10 **SEC. 1610. TECHNICAL ASSISTANCE.**

11 The comprehensive regional centers established under  
12 section 2203 of the Elementary and Secondary Education  
13 Act of 1965 may provide assistance in the repair, renova-  
14 tion, alteration, and construction of public elementary or  
15 secondary school libraries, media centers, or facilities to  
16 eligible local educational agencies receiving assistance  
17 under this subtitle.

18 **SEC. 1611. FEDERAL ASSESSMENT.**

19 The Secretary shall reserve not more than 1 percent  
20 of funds appropriated pursuant to the authority of section  
21 1605(b)—

22 (1) to collect such data as the Secretary deter-  
23 mines necessary at the school, local, and State levels;  
24 and

1 (2) to conduct studies and evaluations, includ-  
2 ing national studies and evaluations, in order to—

3 (A) monitor the progress of projects sup-  
4 ported with funds provided under this subtitle;  
5 and

6 (B) evaluate the state of American public  
7 elementary and secondary school libraries,  
8 media centers, and facilities; and

9 (3) to report to the Congress by July 1, 1997,  
10 regarding the findings of the studies and evaluations  
11 described in paragraph (2).

12 **Subtitle H—Renewable Energy and**  
13 **Energy Efficiency**

14 **SEC. 1701. RENEWABLE ENERGY.**

15 In addition to any amounts otherwise authorized to  
16 be appropriated, there are authorized to be appropriated  
17 to the Secretary of Energy \$250,000,000 for fiscal year  
18 1995 and \$250,000,000 for fiscal year 1996 for renewable  
19 energy research, development, and demonstration pro-  
20 grams described in section 4(c) of the Renewable Energy  
21 and Efficiency Technology Competitiveness Act of 1989  
22 (42 U.S.C. 12003(c)).

23 **SEC. 1702. ENERGY EFFICIENCY.**

24 (a) FEDERAL ENERGY EFFICIENCY FUND.—Section  
25 546(b)(4) of the National Energy Conservation Policy Act

1 (42 U.S.C. 8256(b)(4)) is amended by striking  
 2 “\$50,000,000 for fiscal year 1995” and inserting in lieu  
 3 thereof “\$200,000,000 for fiscal year 1995, \$125,000,000  
 4 for fiscal year 1996”.

5 (b) NEW TECHNOLOGY DEMONSTRATION PRO-  
 6 GRAM.—Section 549(f) of the National Energy Conserva-  
 7 tion Policy Act (42 U.S.C. 8258a(f)) is amended by strik-  
 8 ing “, 1994, and 1995” and inserting in lieu thereof “and  
 9 1994, \$300,000,000 for fiscal year 1995, and  
 10 \$375,000,000 for fiscal year 1996”.

## 11 **TITLE II—HUMAN CAPITAL** 12 **INVESTMENT**

### 13 **Subtitle A—Job Training**

#### 14 **SEC. 2001. HUMAN CAPITAL INVESTMENTS IN JOB TRAIN-** 15 **ING.**

16 (a) ESTABLISHMENT OF ALLIED HEALTH PROFES-  
 17 SIONAL JOB TRAINING PROGRAM UNDER THE JOB  
 18 TRAINING PARTNERSHIP ACT.—

19 (1) IN GENERAL.—Part D of title IV of the Job  
 20 Training Partnership Act (29 U.S.C. 1731 et seq.)  
 21 is amended by adding at the end the following new  
 22 section:

1   **“SEC. 457. ALLIED HEALTH PROFESSIONAL JOB TRAINING**  
2                   **PROGRAM.**

3           “(a) AUTHORIZATION.—The Secretary shall provide  
4   grants to institutions of higher education to establish pro-  
5   grams to provide job training assistance to at-risk youths  
6   and long-term welfare recipients to enable such youths and  
7   recipients to become allied health professionals.

8           “(b) APPLICATION.—The Secretary may provide a  
9   grant to an institution of higher education under sub-  
10   section (a) only if such institution submits to the Sec-  
11   retary an application which contains such information as  
12   the Secretary may reasonably require.

13          “(c) USE OF AMOUNTS.—An institution of higher  
14   education shall use amounts received from a grant under  
15   subsection (a) to establish a program to provide job train-  
16   ing assistance to at-risk youths and long-term welfare re-  
17   cipients to enable such youths and recipients to become  
18   allied health professionals. In carrying out such program,  
19   the institution of higher education shall meet the following  
20   requirements:

21               “(1) The institution will consult with represent-  
22           atives from labor unions in carrying out the program  
23           and will allow such representatives to assist such in-  
24           stitution in the recruitment and orientation of indi-  
25           viduals for the program.

1           “(2) The institution will disseminate informa-  
2           tion relating to the program in areas of substantial  
3           unemployment where the need for increased access  
4           to health care services is the greatest.

5           “(3) In accepting individuals into the program,  
6           the institution will give priority to individuals from  
7           underrepresented populations.

8           “(4) To the extent practicable, the training of  
9           an individual in the program will not exceed 2 years.

10          “(5) To the extent practicable, the institution  
11          will provide individuals in the program with services  
12          leading to guaranteed job placement in the allied  
13          health profession.

14          “(d) DEFINITIONS.—For purposes of this section, the  
15          following definitions apply:

16               “(1) ALLIED HEALTH PROFESSIONALS.—The  
17               term ‘allied health professionals’ has the meaning  
18               given such term in section 799(5) of the Public  
19               Health Service Act (42 U.S.C. 295p(5)).

20               “(2) FAMILY ADJUSTED INCOME.—

21                       “(A) IN GENERAL.—Except as provided in  
22                       subparagraph (C), the term ‘family adjusted in-  
23                       come’ means, with respect to a family, the sum  
24                       of the adjusted incomes (as defined in subpara-  
25                       graph (B)) for all members of the family.

1           “(B) ADJUSTED INCOME.—In subpara-  
2           graph (A), the term ‘adjusted income’ means,  
3           with respect to an individual, adjusted gross in-  
4           come (as defined in section 62(a) of the Inter-  
5           nal Revenue Code of 1986)—

6                   “(i) determined without regard to sec-  
7                   tions 135, 162(l), 911, 931, and 933 of  
8                   such Code, and

9                   “(ii) increased by the amount of inter-  
10                  est received or accrued by the individual  
11                  which is exempt from tax.

12           “(C) PRESENCE OF ADDITIONAL DEPEND-  
13           ENTS.—At the option of an individual, a family  
14           may include (and not be required to separate  
15           out) the income of other individuals who are  
16           claimed as dependents of the family for income  
17           tax purposes, but such individuals shall not be  
18           counted as part of the family for purposes of  
19           determining the size of the family.

20           “(3) INSTITUTION OF HIGHER EDUCATION.—  
21           The term ‘institution of higher education’ means an  
22           institution of higher education (as such term is de-  
23           fined in section 481 of the Higher Education Act of  
24           1965 (20 U.S.C. 1088)) which—

1           “(A) continues to meet the eligibility and  
2           certification requirements under title IV of such  
3           Act (20 U.S.C. 1070 et seq.); and

4           “(B) has the capacity to train individuals  
5           to become allied health professionals, as deter-  
6           mined by the Secretary.

7           “(4) LONG-TERM WELFARE RECIPIENT DE-  
8           FINED.—The term ‘long-term welfare recipient’  
9           means an individual who, in accordance with rules  
10          established by the Secretary, is identified as—

11          “(A) having been substantially unemployed  
12          over a consecutive period of at least 2 years im-  
13          mediately preceding the date of application for  
14          the program;

15          “(B) having, during such period, been re-  
16          ceiving (or a member of a household that has  
17          been receiving) benefits under one or more Fed-  
18          eral or State welfare programs identified under  
19          such rules, including the AFDC program, the  
20          SSI program, and medicaid; and

21          “(C) having family adjusted income that  
22          does not exceed 200 percent of the applicable  
23          poverty level for the class of enrollment in-  
24          volved.



1           “(5) UNDERREPRESENTED POPULATIONS.—

2           The term ‘underrepresented populations’ includes  
3           minorities, individuals with disabilities, the poor, and  
4           persons with limited English proficiency.”.

5           (2) AUTHORIZATION OF APPROPRIATIONS.—

6           Section 3(c) of such Act (29 U.S.C. 1502(c)) is  
7           amended—

8                   (A) in paragraph (1), by striking “There  
9                   are authorized” and inserting “Except as pro-  
10                  vided in paragraph (6), there are authorized”;  
11                  and

12                   (B) by adding at the end the following new  
13                  paragraph:

14           “(6) In addition to amounts authorized to be appro-  
15           priated under paragraph (1), there are authorized to be  
16           appropriated to carry out section 457 \$2,000,000,000 for  
17           each of the fiscal years 1995 and 1996 and such sums  
18           as may be necessary for fiscal year 1997.”.

19           (3) CONFORMING AMENDMENT.—The table of  
20           contents of such Act is amended by inserting after  
21           the item relating to section 456 the following new  
22           item:

“Sec. 457. Allied health professional job training program.”.

23           (4) EFFECTIVE DATE.—The amendments made  
24           by this subsection shall take effect on October 1,

1 1994, or the date of the enactment of this Act,  
2 whichever occurs later.

3 (b) INCREASE IN AUTHORIZATION OF APPROPRIA-  
4 TIONS FOR CERTAIN YOUTH JOB TRAINING PROGRAMS.—

5 (1) YOUTH FAIR CHANCE PROGRAM.—Section  
6 3(c)(3) of the Job Training Partnership Act (29  
7 U.S.C. 1502(c)(3)) is amended by striking  
8 “\$100,000,000” and all that follows through  
9 “1997” and inserting “\$700,000,000 for each of the  
10 fiscal years 1995 and 1996 and such sums as may  
11 be necessary for fiscal year 1997”.

12 (2) YOUTHBILD PROGRAM.—Section 402 of the  
13 Homeownership and Opportunity Through HOPE  
14 Act (42 U.S.C. 12870) is amended—

15 (A) by redesignating subsection (c) as sub-  
16 section (d); and

17 (B) by inserting after subsection (b) the  
18 following new subsection:

19 “(c) YOUTHBILD PROGRAM.—

20 “(1) IN GENERAL.—There are authorized to be  
21 appropriated for activities authorized under subtitle  
22 D \$400,000,000 for each of the fiscal years 1995  
23 and 1996 and such sums as may be necessary for  
24 fiscal year 1997.

1           “(2) AVAILABILITY.—Amounts appropriated  
 2           pursuant to the authorization of appropriations  
 3           under paragraph (1) are authorized to remain avail-  
 4           able until expended.”.

## 5           **Subtitle B—Education**

### 6   **SEC. 2101. EDUCATIONAL PERSONNEL.**

7           (a) ADULT EDUCATION.—Section 313 of the Adult  
 8           Education Act is amended by striking “1995” and insert-  
 9           ing “and \$760,000,000 for each of the fiscal years 1995  
 10          and 1996”.

11          (b) ELEMENTARY AND SECONDARY EDUCATION.—  
 12          Section 1502 of the Elementary and Secondary Education  
 13          Act is amended—

14               (1) by striking “and”; and

15               (2) by inserting “\$2,456,000,000 for each of  
 16          the fiscal years 1995 and 1996,” after “1993,”.

## 17          **Subtitle C—Head Start**

### 18   **SEC. 2201. AMENDMENTS TO THE HEAD START ACT.**

19          Section 629(a) of the Head Start Act (42 U.S.C.  
 20          9834(a)) is amended—

21               (1) by striking “1993, and” and inserting  
 22          “1993,”, and

23               (2) by inserting “, \$11,660,000 for fiscal year  
 24          1995, and \$15,660,000 for fiscal year 1996” before  
 25          the period at the end.

1       **Subtitle D—Programs Under**  
2       **Public Health Service Act**  
3       **CHAPTER 1—FUNDING INITIATIVE FOR**  
4       **PROGRAMS PROVIDING HEALTH**  
5       **SERVICES**

6       **SEC. 2301. FUNDING INITIATIVE.**

7       (a) COMMUNITY HEALTH CENTERS.—In addition to  
8       any other authorizations of appropriations that are avail-  
9       able for the purpose of carrying out section 330 of the  
10      Public Health Service Act, there are authorized to be ap-  
11      propriated for such purpose \$200,000,000 for fiscal year  
12      1995.

13      (b) MIGRANT HEALTH CENTERS.—In addition to any  
14      other authorizations of appropriations that are available  
15      for the purpose of carrying out section 329 of the Public  
16      Health Service Act, there are authorized to be appro-  
17      priated for such purpose \$100,000,000 for fiscal year  
18      1995.

19      (c) HEALTH CARE FOR THE HOMELESS.—In addi-  
20      tion to any other authorizations of appropriations that are  
21      available for the purpose of carrying out section 340 of  
22      the Public Health Service Act, there are authorized to be  
23      appropriated for such purpose \$100,000,000 for fiscal  
24      year 1995.

1       (d) PREVENTIVE SERVICES REGARDING TUBER-  
2 CULOSIS.—In addition to any other authorizations of ap-  
3 propriations that are available for the purpose of carrying  
4 out section 317E of the Public Health Service Act (as  
5 added by section 301 of Public Law 103–183; 107 Stat.  
6 2233), there are authorized to be appropriated for such  
7 purpose \$150,000,000 for fiscal year 1995.

8       (e) PREVENTIVE SERVICES REGARDING BREAST AND  
9 CERVICAL CANCER.—In addition to any other authoriza-  
10 tions of appropriations that are available for the purpose  
11 of carrying out the program under section 1501 of the  
12 Public Health Service Act, there are authorized to be ap-  
13 propriated for such purpose \$120,000,000 for fiscal year  
14 1995.

15       (f) PREVENTIVE SERVICES REGARDING LEAD EXPO-  
16 SURE.—In addition to any other authorizations of appro-  
17 priations that are available for the purpose of carrying out  
18 section 317A of the Public Health Service Act, there are  
19 authorized to be appropriated for such purpose  
20 \$16,000,000 for fiscal year 1995.

21       (g) PREVENTIVE SERVICES REGARDING HIV DIS-  
22 EASE.—In addition to any other authorizations of appro-  
23 priations that are available for the purpose of carrying out  
24 under the Public Health Service Act programs to prevent  
25 infection with the human immunodeficiency virus, there

1 are authorized to be appropriated for such purpose  
2 \$40,000,000 for fiscal year 1995.

3 (h) IMMUNIZATION PROGRAM.—In addition to any  
4 other authorizations of appropriations that are available  
5 for the purpose of carrying out the immunization program  
6 under section 317(j) of the Public Health Service Act,  
7 there are authorized to be appropriated for such purpose  
8 \$200,000,000 for fiscal year 1995.

9 (i) CANCER REGISTRIES.—In addition to any other  
10 authorizations of appropriations that are available for the  
11 purpose of carrying out the program for cancer registries  
12 under section 399H of the Public Health Service Act,  
13 there are authorized to be appropriated for such purpose  
14 \$13,000,000 for fiscal year 1995.

15 (j) PREVENTIVE SERVICES REGARDING PROSTATE  
16 CANCER.—In addition to any other authorizations of ap-  
17 propriations that are available for the purpose of carrying  
18 out section 317D of the Public Health Service Act, there  
19 are authorized to be appropriated for such purpose  
20 \$4,000,000 for fiscal year 1995.

21 (k) COMPREHENSIVE SCHOOL HEALTH EDU-  
22 CATION.—In addition to any other authorizations of ap-  
23 propriations that are available for the purpose of carrying  
24 out under the Public Health Service Act a program to pro-  
25 vide comprehensive health education to school children,

1 there are authorized to be appropriated for such purpose  
2 \$40,000,000 for fiscal year 1995.

3 (l) PREVENTION AND CONTROL OF SEXUALLY  
4 TRANSMITTED DISEASES.—In addition to any other au-  
5 thorizations of appropriations that are available for the  
6 purpose of carrying out section 318 of the Public Health  
7 Service Act, there are authorized to be appropriated for  
8 such purpose \$10,000,000 for fiscal year 1995.

9 (m) PREVENTION AND CONTROL OF DIABETES.—In  
10 addition to any other authorizations of appropriations that  
11 are available for the purpose of carrying out under the  
12 Public Health Service Act a program for the prevention  
13 and control of diabetes, there are authorized to be appro-  
14 priated for such purpose \$20,000,000 for fiscal year 1995.

15 (n) CHILD DAY CARE HEALTH AND SAFETY.—In ad-  
16 dition to any other authorizations of appropriations that  
17 are available for the purpose of carrying out under the  
18 Public Health Service Act a program for child day care  
19 health and safety, there are authorized to be appropriated  
20 for such purpose \$5,000,000 for fiscal year 1995.

21 (o) PREVENTION AND CONTROL OF INJURIES.—In  
22 addition to any other authorizations of appropriations that  
23 are available for the purpose of carrying out part J of  
24 title III of the Public Health Service Act, there are author-

1 ized to be appropriated for such purpose \$5,000,000 for  
2 fiscal year 1995.

3 (p) ASTHMA.—In addition to any other authoriza-  
4 tions of appropriations that are available for the purpose  
5 of carrying out under the Public Health Service Act a pro-  
6 gram regarding asthma, there are authorized to be appro-  
7 priated for such purpose \$5,000,000 for fiscal year 1995.

8 (q) ENVIRONMENTAL HEALTH.—

9 (1) URGENT THREAT TO PUBLIC HEALTH.—In  
10 addition to any other authorizations of appropria-  
11 tions that are available for the purpose of carrying  
12 out under the Public Health Service Act a program  
13 to respond to urgent environmental threats to the  
14 public health, there are authorized to be appro-  
15 priated for such purpose \$32,000,000 for fiscal year  
16 1995.

17 (2) ACTIVITIES REGARDING BORDER WITH  
18 MEXICO.—In addition to any other authorizations of  
19 appropriations that are available for the purpose of  
20 carrying out under the Public Health Service Act a  
21 program to provide environmental services regarding  
22 the health of individuals in the United States in the  
23 vicinity of the international border with Mexico,  
24 there are authorized to be appropriated for such  
25 purpose \$10,000,000 for fiscal year 1995.



1       (r) BLOCK GRANTS FOR COMMUNITY MENTAL  
2 HEALTH SERVICES.—In addition to any other authoriza-  
3 tions of appropriations that are available for the purpose  
4 of carrying out subpart I of part B of title XIX of the  
5 Public Health Service Act, there are authorized to be ap-  
6 propriated for such purpose \$50,000,000 for fiscal year  
7 1995.

8       (s) BLOCK GRANTS FOR PREVENTION AND TREAT-  
9 MENT OF SUBSTANCE ABUSE.—In addition to any other  
10 authorizations of appropriations that are available for the  
11 purpose of carrying out subpart II of part B of title XIX  
12 of the Public Health Service Act, there are authorized to  
13 be appropriated for such purpose \$50,000,000 for fiscal  
14 year 1995.

15       (t) BLOCK GRANTS FOR PREVENTIVE HEALTH  
16 SERVICES.—In addition to any other authorizations of ap-  
17 propriations that are available for the purpose of carrying  
18 out part A of title XIX of the Public Health Service Act,  
19 there are authorized to be appropriated for such purpose  
20 \$30,000,000 for fiscal year 1995.

21       (u) SCHOLARSHIP AND LOAN REPAYMENT PRO-  
22 GRAMS OF NATIONAL HEALTH SERVICE CORPS.—In addi-  
23 tion to any other authorizations of appropriations that are  
24 available for the purpose of contracts under sections 338A  
25 and 338B of the Public Health Service Act, there are au-

1 thorized to be appropriated for such purpose  
2 \$100,000,000 for fiscal year 1995.

3 (v) SOCIAL SECURITY ACT; MATERNAL AND CHILD  
4 HEALTH BLOCK GRANT.—In addition to any other au-  
5 thorizations of appropriations that are available for the  
6 purpose of carrying out title V of the Social Security Act,  
7 there are authorized to be appropriated for such purpose  
8 \$100,000,000 for fiscal year 1995.

9 **CHAPTER 2—COMMUNITY HEALTH**  
10 **ADVISOR PROGRAM**

11 **SEC. 2311. SHORT TITLE.**

12 This chapter may be cited as the “National Commu-  
13 nity Health Advisor Act”.

14 **SEC. 2312. FINDINGS.**

15 The Congress finds the following:

16 (1) Poverty, geographic isolation, cultural dif-  
17 ferences, lack of transportation, low literacy, lack of  
18 access to services and further difficulties resulting  
19 from a lack of continuity of care, are barriers for  
20 millions of low-income and underserved Americans in  
21 the current health care delivery system.

22 (2) The Public Health Service has determined  
23 that many health problems are rooted in poverty and  
24 hit hardest at those least able to protect themselves.

1           (3) The Public Health Service has established  
2           goals and objectives regarding improvements in the  
3           health of the public by the year 2000. An evaluation  
4           by the Service, entitled “Health United States 1992  
5           and Healthy People 2000 Review”, illustrates the  
6           acute access problem faced by rural areas and the  
7           inner cities. The evaluation cites the fact that sub-  
8           urbs have the lowest death rates, while death rates  
9           in rural counties are 12 percent higher and in large  
10          core metropolitan counties, 19 percent higher.

11          (4) Discussions of health care reform focus al-  
12          most exclusively on questions of how to extend  
13          health insurance to the Nation’s 35–40 million unin-  
14          sured and make services available while simulta-  
15          neously bringing medical costs under control; how-  
16          ever, it is imperative to correct the fundamental and  
17          deep-rooted obstacles that low-income urban and  
18          rural Americans confront when trying to access med-  
19          ical care and preventive health services. For exam-  
20          ple, in 1991, 19 million American women qualified  
21          for mammography screening benefits through Medi-  
22          care; however, only 670,000 (or less than 3 percent)  
23          took advantage of this benefit.

24          (5) People who are local, indigenous members  
25          and residents of underserved communities are

1 uniquely knowledgeable about their populations'  
2 needs; where such individuals are already serving as  
3 community health advisors, they communicate to  
4 health and social service providers the needs of com-  
5 munity members, provide quality health promotion  
6 and disease prevention information to the commu-  
7 nity and serve as the crucial link between their com-  
8 munities and providers to increase utilization of  
9 available preventive health services and to reach out  
10 to communities to increase the effectiveness of the  
11 health care delivery system, reduce preventable mor-  
12 bidity and mortality, and improve the quality of life.

13 **SEC. 2313. FORMULA GRANTS REGARDING COMMUNITY**  
14 **HEALTH ADVISOR PROGRAMS.**

15 (a) FORMULA GRANTS.—

16 (1) IN GENERAL.—In the case of each State (or  
17 entity designated by a State under subsection (b))  
18 that submits to the Secretary an application in ac-  
19 cordance with section 2316 for a fiscal year, the  
20 Secretary of Health and Human Services, acting  
21 through the Director of the Centers for Disease  
22 Control and Prevention and in coordination with the  
23 heads of the agencies specified in paragraph (2),  
24 shall make an award of financial assistance to the  
25 State or entity for the development and operation of

1 community health advisor programs under section  
2 2314(b). The award shall consist of the allotment  
3 determined under section 2317 with respect to the  
4 State, subject to section 2322(b).

5 (2) COORDINATION WITH OTHER AGENCIES.—  
6 The agencies referred to in paragraph (1) regarding  
7 coordination are the Health Resources and Services  
8 Administration, the National Institutes of Health,  
9 and the Substance Abuse and Mental Health Serv-  
10 ices Administration.

11 (b) DESIGNATED ENTITIES.—With respect to the  
12 State involved, an entity other than the State may receive  
13 an award under subsection (a) only if the entity—

14 (1) is a public or nonprofit private academic or-  
15 ganization (or other public or nonprofit private en-  
16 tity); and

17 (2) has been designated by the State to carry  
18 out the purpose described in such subsection in the  
19 State and to receive amounts under such subsection  
20 in lieu of the State.

21 (c) ROLE OF STATE AGENCY FOR PUBLIC  
22 HEALTH.—A funding agreement for an award under sub-  
23 section (a) is that—

24 (1) if the applicant is a State, the award will  
25 be administered by the State agency with the prin-

1        cipal responsibility for carrying out public health  
2        programs; and

3            (2) if the applicant is an entity designated  
4        under subsection (b), the award will be administered  
5        in consultation with such State agency.

6        (d) STATEWIDE RESPONSIBILITIES; LIMITATION ON  
7        EXPENDITURES.—

8            (1) STATEWIDE RESPONSIBILITIES.—A funding  
9        agreement for an award under subsection (a) is that  
10       the applicant involved will—

11            (A) operate a clearinghouse to maintain  
12            and disseminate information on community  
13            health advisor programs (and similar programs)  
14            in the State, including information on develop-  
15            ing and operating such programs, on training  
16            individuals to participate in the programs, and  
17            on evaluation of the programs;

18            (B) provide to community health advisor  
19            programs in the State technical assistance in  
20            training community health advisors under sec-  
21            tion 2315(g)(1); and

22            (C) coordinate the activities carried out in  
23            the State under the award, including coordina-  
24            tion between the various community health ad-  
25            visor programs and coordination between such

1 programs and related activities of the State and  
2 of other public or private entities.

3 (2) LIMITATION.—A funding agreement for an  
4 award under subsection (a) is that the applicant in-  
5 volved will not expend more than 15 percent of the  
6 award in the aggregate for carrying out paragraph  
7 (1) and for the expenses of administering the award  
8 with respect to the State involved, including the  
9 process of receiving payments from the Secretary  
10 under the award, allocating the payments among the  
11 entities that are to develop and operate the commu-  
12 nity health advisor programs involved, and monitor-  
13 ing compliance with the funding agreements made  
14 under this chapter by the applicant.

15 **SEC. 2314. REQUIREMENTS REGARDING COMMUNITY**  
16 **HEALTH ADVISOR PROGRAMS.**

17 (a) PURPOSE OF AWARD; HEALTHY PEOPLE 2000  
18 OBJECTIVES.—

19 (1) IN GENERAL.—Subject to paragraph (2), a  
20 funding agreement for an award under section 2313  
21 for an applicant is that the purpose of the award is,  
22 through community health advisor programs under  
23 subsection (b), to assist the State involved in attain-  
24 ing the Healthy People 2000 Objectives (as defined  
25 in subsection (d)).

1           (2) AUTHORITY REGARDING SELECTION OF PRI-  
2       ORITY OBJECTIVES.—With respect to compliance  
3       with the agreement made under paragraph (1), an  
4       applicant receiving an award under section 2313  
5       may, from among the various Healthy People 2000  
6       Objectives, select one or more Objectives to be given  
7       priority in the operation of a community health advi-  
8       sor program of the applicant, subject to the appli-  
9       cant selecting such priorities in consultation with the  
10      entity that is to carry out the program.

11      (b) REQUIREMENTS FOR PROGRAMS.—

12           (1) IN GENERAL.—A funding agreement for an  
13      award under section 2313 for an applicant is that,  
14      in expending the award, the purpose described in  
15      subsection (a)(1) will be carried out in accordance  
16      with the following:

17           (A) For each community for which the  
18      purpose is to be carried out, the applicant will  
19      establish a program in accordance with this  
20      subsection.

21           (B) The program will be carried out in a  
22      community only if the applicant has, under sec-  
23      tion 2315(a), identified the community as hav-  
24      ing a significant need for the program.



1           (C) The program will be operated by a  
2           public or nonprofit private entity with experi-  
3           ence in providing health or health-related social  
4           services to individuals who are underserved with  
5           respect to such services.

6           (D) The services of the program, as speci-  
7           fied in paragraph (2), will be provided prin-  
8           cipally by community health advisors (as de-  
9           fined in subsection (d)).

10          (2) AUTHORIZED PROGRAM SERVICES.—For  
11          purposes of paragraph (1)(D), the services specified  
12          in this paragraph for a program are as follows:

13               (A) The program will collaborate with  
14               health care providers and related entities in  
15               order to facilitate the provision of health serv-  
16               ices and health-related social services (including  
17               collaborating with local health departments,  
18               community health centers, migrant health cen-  
19               ters, rural health clinics, hospitals, physicians  
20               and nurses, providers of health education, and  
21               providers of social services).

22               (B) The program will provide public edu-  
23               cation on health promotion and disease preven-  
24               tion and facilitate the use of available health  
25               services and health-related social services.

1 (C) The program will provide health-relat-  
2 ed counseling.

3 (D) The program will provide referrals for  
4 available health services and health-related so-  
5 cial services.

6 (E) For the purpose of increasing the ca-  
7 pacity of individuals to utilize health services  
8 and health-related social services under Federal,  
9 State, and local programs, the following condi-  
10 tions will be met:

11 (i) The program will assist individuals  
12 in establishing eligibility under the pro-  
13 grams and in receiving the services or  
14 other benefits of the programs.

15 (ii) The program will provide such  
16 other services as the Secretary determines  
17 to be appropriate, which services may in-  
18 clude (but are not limited to) transpor-  
19 tation and translation services.

20 (F) The program will provide outreach  
21 services to inform the community of the avail-  
22 ability of the services of the program.

23 (G) The program will undertake special  
24 outreach activities to—

1 (i) recruit individuals with disabilities  
2 for service as community health advisors,  
3 and

4 (ii) ensure that the services of the  
5 program are accessible and available to in-  
6 dividuals with disabilities who reside within  
7 the community.

8 (c) PRIORITY FOR MEDICALLY UNDERSERVED COM-  
9 MUNITIES.—A funding agreement for an award under sec-  
10 tion 2313 is that the applicant involved will give priority  
11 to developing and operating community health advisor  
12 programs for medically underserved communities.

13 (d) CERTAIN DEFINITIONS.—

14 (1) COMMUNITY HEALTH ADVISOR.—For pur-  
15 poses of this chapter, the term “community health  
16 advisor” means an individual—

17 (A) who has demonstrated the capacity to  
18 carry out one or more of the authorized pro-  
19 gram services;

20 (B) who, for not less than 1 year, has been  
21 a resident of the community in which the com-  
22 munity health advisor program involved is to be  
23 operated; and

24 (C) is a member of a socioeconomic group  
25 to be served by the program.

1           (2) HEALTHY PEOPLE 2000 OBJECTIVES.—For  
2           purposes of this chapter, the term “Healthy People  
3           2000 Objectives” means the objectives established by  
4           the Secretary toward the goals of increasing the  
5           span of healthy life, reducing health disparities  
6           among various populations, and providing access to  
7           preventive services, which objectives apply to the  
8           health status of the population of the United States  
9           for the year 2000.

10          (3) MEDICALLY UNDERSERVED COMMUNITY.—  
11          For purposes of this chapter, the term “medically  
12          underserved community” means—

13                (A) a community that has a substantial  
14                number of individuals who are members of a  
15                medically underserved population, as defined in  
16                section 330 of the Public Health Service Act; or

17                (B) a community a significant portion of  
18                which is a health professional shortage area  
19                designated under section 332 of such Act.

20   **SEC. 2315. ADDITIONAL AGREEMENTS.**

21          (a) IDENTIFICATION OF COMMUNITY NEEDS.—A  
22          funding agreement for an award under section 2313 is  
23          that the applicant involved will—

24                (1) identify the needs of the community in-  
25                volved for the authorized program services;

1           (2) in identifying such needs, consult with  
2           members of the community, with individuals and  
3           programs that provide health services in the commu-  
4           nity, and with individuals and programs that provide  
5           health-related social services in the community; and

6           (3) consider such needs in carrying out a com-  
7           munity health advisor program for the community.

8           (b) MATCHING FUNDS.—

9           (1) IN GENERAL.—With respect to the cost of  
10          carrying out a community health advisor program, a  
11          funding agreement for an award under section 2313  
12          is that the applicant involved will make available (di-  
13          rectly or through donations from public or private  
14          entities) non-Federal contributions toward such cost  
15          in an amount that is not less than 25 percent of  
16          such cost.

17          (2) DETERMINATION OF AMOUNT CONTRIB-  
18          UTED.—

19                (A) Non-Federal contributions required in  
20                paragraph (1) may be in cash or in kind, fairly  
21                evaluated, including plant, equipment, or serv-  
22                ices. Amounts provided by the Federal Govern-  
23                ment, or services assisted or subsidized to any  
24                significant extent by the Federal Government,

1           may not be included in determining the amount  
2           of such non-Federal contributions.

3           (B) With respect to the State in which the  
4           community health advisor program involved is  
5           to be carried out, amounts provided by the  
6           State in compliance with subsection (c) shall be  
7           included in determining the amount of non-Fed-  
8           eral contributions under paragraph (1).

9           (c) MAINTENANCE OF EFFORT.—With respect to the  
10          purposes for which an award under section 2313 is au-  
11          thorized in this chapter to be expended, the Secretary may  
12          make such an award only if the State involved agrees to  
13          maintain expenditures of non-Federal amounts for such  
14          purposes at a level that is not less than the level of such  
15          expenditures maintained by the State for the fiscal year  
16          preceding the first fiscal year for which such an award  
17          is made with respect to the State.

18          (d) CULTURAL CONTEXT OF SERVICES.—A funding  
19          agreement for an award under section 2313 for an appli-  
20          cant is that the services of the community health advisor  
21          program involved will be provided in the language and cul-  
22          tural context most appropriate for the individuals served  
23          by the program.

24          (e) NUMBER OF PROGRAMS PER AWARD; PROGRAMS  
25          FOR URBAN AND RURAL AREAS.—A funding agreement

1 for an award under section 2313 for an applicant is that  
2 the number of community health advisor programs oper-  
3 ated in the State with the award will be determined by  
4 the Secretary, except that (subject to section  
5 2314(b)(1)(B)) such a program will be carried out in not  
6 less than one urban area of the State, and in not less than  
7 one rural area of the State.

8 (f) ONGOING SUPERVISION OF ADVISORS.—A fund-  
9 ing agreement for an award under section 2313 is that  
10 the applicant involved will ensure that each community  
11 health advisor program operated with the award provides  
12 for the ongoing supervision of the community health advi-  
13 sors of the program.

14 (g) CERTAIN EXPENDITURES.—

15 (1) TRAINING; CONTINUING EDUCATION.—  
16 Funding agreements for an award under section  
17 2313 include the following:

18 (A) The applicant involved will ensure  
19 that, for each community health advisor pro-  
20 gram operated with the award, a program is  
21 carried out to train community health advisors  
22 to provide the authorized program services, in-  
23 cluding practical experiences in providing serv-  
24 ices for health promotion and disease preven-  
25 tion.

1 (B) The program of training will provide  
2 for the continuing education of the community  
3 health advisors.

4 (C) Not more than 15 percent of the  
5 award will be expended for the program of  
6 training.

7 (2) COMPENSATION.—With respect to compli-  
8 ance with the agreements made under this chapter,  
9 the purposes for which an award under section 2313  
10 may be expended include providing compensation for  
11 the services of community health advisors.

12 (h) REPORTS TO SECRETARY; ASSESSMENT OF EF-  
13 FECTIVENESS.—Funding agreements for an award under  
14 section 2313 for an applicant include the following:

15 (1) The applicant will ensure that, for each fis-  
16 cal year for which a community health advisor pro-  
17 gram receives amounts from the award, the program  
18 will prepare a report describing the activities of the  
19 program for such year, including—

20 (A) a specification of the number of indi-  
21 viduals served by the program;

22 (B) a specification of the entities with  
23 which the program has collaborated in carrying  
24 out the purpose described in section 2314(a)(1);  
25 and



1 (C) an assessment of the extent of the ef-  
2 fectiveness of the program in carrying out such  
3 purpose.

4 (2) Such reports will include such additional in-  
5 formation regarding the applicant and the programs  
6 as the Secretary may require.

7 (3) The applicant will prepare the reports as a  
8 single document and will submit the document to the  
9 Secretary not later than February 1 of the fiscal  
10 year following the fiscal year for which the reports  
11 were prepared.

12 **SEC. 2316. APPLICATION FOR ASSISTANCE; STATE PLAN.**

13 For purposes of section 2313, an application is in ac-  
14 cordance with this section if—

15 (1) the application is submitted not later than  
16 the date specified by the Secretary;

17 (2) the application contains each funding agree-  
18 ment described in this chapter;

19 (3) the application contains a State plan de-  
20 scribing the purposes for which the award is to be  
21 expended in the State, including a description of the  
22 manner in which the applicant will comply with each  
23 such funding agreement; and

24 (4) the application is in such form, is made in  
25 such manner, and contains such agreements, assur-

1       ances, and information as the Secretary determines  
2       to be necessary to carry out this chapter.

3   **SEC. 2317. DETERMINATION OF AMOUNT OF ALLOTMENT.**

4       (a) IN GENERAL.—For purposes of section 2313, the  
5   allotment under this section with respect to a State for  
6   a fiscal year is the greater of—

7           (1) the sum of the respective amounts deter-  
8       mined for the State under subsection (b) and sub-  
9       section (c); and

10          (2) \$500,000.

11       (b) AMOUNT RELATING TO POPULATION.—For pur-  
12   poses of subsection (a), the amount determined under this  
13   subsection is the product of—

14          (1) an amount equal to 50 percent of the  
15       amount appropriated under section 2322 for the fis-  
16       cal year and available for awards under section  
17       2313; and

18          (2) the percentage constituted by the ratio of—

19               (A) the number of individuals residing in  
20       the State involved; to

21               (B) the sum of the respective amounts de-  
22       termined for each State under subparagraph  
23       (A).

1 (c) AMOUNT RELATING TO POVERTY LEVEL.—For  
2 purposes of subsection (a), the amount determined under  
3 this subsection is the product of—

4 (1) the amount determined under subsection  
5 (b)(1); and

6 (2) the percentage constituted by the ratio of—

7 (A) the number of individuals residing in  
8 the State whose income is at or below an  
9 amount equal to 200 percent of the official pov-  
10 erty line; to

11 (B) the sum of the respective amounts de-  
12 termined for each State under subparagraph  
13 (A).

14 **SEC. 2318. QUALITY ASSURANCE; COST-EFFECTIVENESS.**

15 The Secretary shall establish guidelines for assuring  
16 the quality of community health advisor programs (includ-  
17 ing quality in the training of community health advisors)  
18 and for assuring the cost-effectiveness of the programs.  
19 A funding agreement for an award under section 2313 is  
20 that the applicant involved will carry out such programs  
21 in accordance with the guidelines.

22 **SEC. 2319. EVALUATIONS; TECHNICAL ASSISTANCE.**

23 (a) EVALUATIONS.—The Secretary shall conduct  
24 evaluations of community health advisor programs, and  
25 may disseminate information developed as result of the

1 evaluations. In conducting such evaluations, the Secretary  
2 shall determine whether the programs are in compliance  
3 with the guidelines established under section 2318.

4 (b) TECHNICAL ASSISTANCE.—The Secretary may  
5 provide technical assistance to recipients of awards under  
6 section 2313 with respect to the planning, development,  
7 and operation of community health advisor programs.

8 (c) GRANTS AND CONTRACTS.—The Secretary may  
9 carry out this section directly or through grants, coopera-  
10 tive agreements, or contracts.

11 (d) LIMITATION ON EXPENDITURES.—Of the  
12 amounts appropriated under section 2322 for a fiscal year,  
13 the Secretary may reserve not more than 10 percent for  
14 carrying out this section.

15 **SEC. 2320. RULE OF CONSTRUCTION REGARDING PRO-**  
16 **GRAMS OF INDIAN HEALTH SERVICE.**

17 This chapter may not be construed as requiring the  
18 Secretary to modify or terminate the program carried out  
19 by the Director of the Indian Health Service and des-  
20 ignated by such Director as the Community Health Rep-  
21 resentative Program. The Secretary shall ensure that sup-  
22 port for such Program is not supplanted by awards under  
23 section 2313. In communities in which both such Program  
24 and a community health advisor program are being carried  
25 out, the Secretary shall ensure that the community health

1 advisor program works in cooperation with, and as a com-  
2 plement to, the Community Health Representative Pro-  
3 gram.

4 **SEC. 2321. DEFINITIONS.**

5 For purposes of this chapter:

6 (1) The term “authorized program services”,  
7 with respect to a community health advisor program,  
8 means the services specified in section 2314(b)(2).

9 (2) The term “community health advisor” has  
10 the meaning given such term in section 2314(d).

11 (3) The term “community health advisor pro-  
12 gram” means a program carried out under section  
13 2314(b).

14 (4) The term “financial assistance”, with re-  
15 spect to an award under section 2313, means a  
16 grant, cooperative agreement, or a contract.

17 (5) The term “funding agreement” means an  
18 agreement required as a condition of receiving an  
19 award under section 2313.

20 (6) The term “Healthy People 2000 Objectives”  
21 has the meaning given such term in section 2314(d).

22 (7) The term “medically underserved commu-  
23 nity” has the meaning given such term in section  
24 2314(d).

1           (8) The term “official poverty line” means the  
2           official poverty line established by the Director of  
3           the Office of Management and Budget and revised  
4           by the Secretary in accordance with section 673(2)  
5           of the Omnibus Budget Reconciliation Act of 1981,  
6           which poverty line is applicable to the size of the  
7           family involved.

8           (9) The term “Secretary” means the Secretary  
9           of Health and Human Services.

10          (10) The term “State” means each of the sev-  
11          eral States, the District of Columbia, and each of  
12          the Commonwealth of Puerto Rico, American  
13          Samoa, Guam, the Commonwealth of the Northern  
14          Mariana Islands, the Virgin Islands, and the Trust  
15          Territory of the Pacific Islands.

16          (11) The term “State involved”, with respect to  
17          an applicant for an award under section 2313,  
18          means the State in which the applicant is to carry  
19          out a community health advisor program.

20   **SEC. 2322. FUNDING.**

21          (a) AUTHORIZATION OF APPROPRIATIONS.—For the  
22          purpose of carrying out this chapter, there is authorized  
23          to be appropriated \$100,000,000 for each of the fiscal  
24          years 1995 through 2000.

1       (b) EFFECT OF INSUFFICIENT APPROPRIATIONS FOR  
2 MINIMUM ALLOTMENTS.—

3           (1) IN GENERAL.—If the amounts made avail-  
4 able under subsection (a) for a fiscal year are insuf-  
5 ficient for providing each State (or entity designated  
6 by the State pursuant to section 2313, as the case  
7 may be) with an award under section 2313 in an  
8 amount equal to or greater than the amount speci-  
9 fied in section 2317(a)(2), the Secretary shall, from  
10 such amounts as are made available under sub-  
11 section (a), make such awards on a discretionary  
12 basis.

13          (2) RULE OF CONSTRUCTION.—For purposes of  
14 paragraph (1), awards under section 2313 are made  
15 on a discretionary basis if the Secretary determines  
16 which States (or entities designated by States pursu-  
17 ant to such section, as the case may be) are to re-  
18 ceive such awards, subject to meeting the require-  
19 ments of this chapter for such an award, and the  
20 Secretary determines the amount of such awards.

1 **TITLE III—AMENDMENTS OF IN-**  
2 **TERNAL REVENUE CODE OF**  
3 **1986**

4 **Subtitle A—Reduction in Employee**  
5 **Payroll Taxes; Credit for First-**  
6 **Time Homebuyers**

7 **SEC. 3001. CREDIT FOR PORTION OF SOCIAL SECURITY**  
8 **TAXES.**

9 (a) GENERAL RULE.—Subpart C of part IV of sub-  
10 chapter A of chapter 1 of the Internal Revenue Code of  
11 1986 (relating to refundable credits) is amended by redes-  
12 ignating section 35 as section 36 and by inserting after  
13 section 34 the following new section:

14 **“SEC. 35. CREDIT FOR PORTION OF SOCIAL SECURITY**  
15 **TAXES.**

16 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
17 dividual, there shall be allowed as a credit against the tax  
18 imposed by this subtitle for the taxable year an amount  
19 equal to 20 percent of the taxpayer’s social security taxes  
20 for the taxable year.

21 “(b) LIMITATION.—The amount of the credit allow-  
22 able under subsection (a) to any taxpayer for any taxable  
23 year shall not exceed \$200 (\$400 in the case of a joint  
24 return).



1       “(c) SOCIAL SECURITY TAXES.—For purposes of this  
2 section—

3           “(1) IN GENERAL.—The term ‘social security  
4 taxes’ means, with respect to any taxpayer for any  
5 taxable year—

6           “(A) the amount of the taxes imposed by  
7 subsections (a) and (b) of section 3101 on  
8 amounts received by the taxpayer during the  
9 calendar year in which the taxable year begins,

10          “(B) the amount of the taxes imposed by  
11 section 3201(a) on amounts received by the tax-  
12 payer during the calendar year in which the  
13 taxable year begins,

14          “(C) 50 percent of the taxes imposed by  
15 subsections (a) and (b) of section 1401 on the  
16 self-employment income of the taxpayer for the  
17 taxable year, and

18          “(D) 50 percent of the taxes imposed by  
19 section 3211(a)(1) on amounts received by the  
20 taxpayer during the calendar year in which the  
21 taxable year begins.

22          “(2) COORDINATION WITH SPECIAL REFUND OF  
23 SOCIAL SECURITY TAXES.—The term ‘social security  
24 taxes’ shall not include any taxes to the extent the

1 taxpayer is entitled to a special refund of such taxes  
2 under section 6413(c).

3 “(3) SPECIAL RULE.—Any amounts paid pursu-  
4 ant to an agreement under section 3121(l) (relating  
5 to agreements entered into by American employers  
6 with respect to foreign affiliates) which are equiva-  
7 lent to the taxes referred to in paragraph (1)(A)  
8 shall be treated as taxes referred to in such para-  
9 graph.

10 “(d) YEARS TO WHICH SECTION APPLIES.—This  
11 section shall only apply to taxable years beginning after  
12 December 31, 1994, and before January 1, 1997.”

13 (b) CLERICAL AMENDMENT.—The table of sections  
14 for subpart C of part IV of subchapter A of chapter 1  
15 is amended by striking the item relating to section 35 and  
16 inserting the following:

“Sec. 35. Credit for portion of social security taxes.  
“Sec. 36. Overpayments of tax.”

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 1994.

20 **SEC. 3002. CREDIT FOR PURCHASE OF PRINCIPAL RESI-**  
21 **DENCE BY FIRST-TIME HOMEBUYER.**

22 (a) IN GENERAL.—Subpart A of part IV of sub-  
23 chapter A of chapter 1 of the Internal Revenue Code of  
24 1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 22 the following new  
2 section:

3 **“SEC. 23. PURCHASE OF PRINCIPAL RESIDENCE BY FIRST-**  
4 **TIME HOMEBUYER.**

5 “(a) ALLOWANCE OF CREDIT.—In the case of a first-  
6 time homebuyer, there shall be allowed as a credit against  
7 the tax imposed by this chapter an amount equal to 10  
8 percent of the purchase price of the first principal resi-  
9 dence purchased by the taxpayer during the eligibility pe-  
10 riod. Except as otherwise provided in this section, such  
11 credit shall be allowed for the taxable year in which such  
12 residence is purchased.

13 “(b) LIMITATIONS.—

14 “(1) MAXIMUM OVERALL CREDIT.—The credit  
15 allowed by subsection (a) to the taxpayer shall not  
16 exceed \$6,000.

17 “(2) PHASEOUT OF CREDIT BASED ON AD-  
18 JUSTED GROSS INCOME.—If the adjusted gross in-  
19 come of the taxpayer for the taxable year in which  
20 the residence is purchased exceeds \$50,000, the  
21 \$6,000 amount in paragraph (1) shall be reduced  
22 (but not below zero) by \$100 for each \$200 of such  
23 excess.

24 “(c) FIRST-TIME HOMEBUYER.—For purposes of  
25 this section—

1           “(1) IN GENERAL.—The term ‘first-time home-  
2       buyer’ means any individual unless such individual  
3       or such individual’s spouse had a present ownership  
4       interest in any residence at any time during the 3-  
5       year period ending on the date of the purchase of  
6       the residence referred to in subsection (a).

7           “(2) UNMARRIED JOINT OWNERS.—An individ-  
8       ual shall not be treated as a first-time homebuyer  
9       with respect to any residence unless all the individ-  
10      uals purchasing such residence with such individual  
11      are first-time homebuyers.

12          “(3) ALLOCATION OF LIMITS.—All individuals  
13      purchasing a residence shall be treated as 1 individ-  
14      ual for purposes of determining the maximum credit  
15      under subsection (a); and such maximum credit, and  
16      the \$50,000 amount in subsection (b)(2), shall be al-  
17      located among such individuals under regulations  
18      prescribed by the Secretary.

19          “(4) CERTAIN INDIVIDUALS INELIGIBLE.—The  
20      term ‘first-time homebuyer’ shall not include any in-  
21      dividual if, on the date of the purchase of the resi-  
22      dence, the period of time specified in section 1034(a)  
23      is suspended under subsection (h) or (k) of section  
24      1034 with respect to such individual.

1           “(5) CERTAIN INDIRECT INTERESTS NOT  
2       TAKEN INTO ACCOUNT.—Except as provided in regu-  
3       lations prescribed by the Secretary, an individual  
4       shall not be treated as holding an interest in a resi-  
5       dence by reason of holding an interest in a partner-  
6       ship, S corporation, or trust.

7       “(d) OTHER DEFINITIONS.—For purposes of this  
8       section—

9           “(1) ELIGIBILITY PERIOD.—

10           “(A) IN GENERAL.—The term ‘eligibility  
11       period’ means the period beginning after De-  
12       cember 31, 1994, and ending before January 1,  
13       1997.

14           “(B) BINDING CONTRACTS.—A residence  
15       shall be treated as purchased during the eligi-  
16       bility period if—

17           “(i) during the eligibility period, the  
18       purchaser enters into a binding contract to  
19       purchase the residence, and

20           “(ii) the purchaser purchases and oc-  
21       cupies the residence before July 1, 1997.

22       For purposes of clause (i), a contract shall not  
23       fail to be treated as binding merely because it  
24       is contingent on financing or on the condition  
25       of the residence.

1           “(2) PURCHASE.—The term ‘purchase’ means  
2 any acquisition of property, but only if—

3           “(A) the property is not acquired from a  
4 person whose relationship to the person acquiring it would result in the disallowance of losses  
5 under section 267 or 707(b), and  
6

7           “(B) the basis of the property in the hands  
8 of the person acquiring it is not determined—

9           “(i) in whole or in part by reference  
10 to the adjusted basis of such property in  
11 the hands of the person from whom acquired, or  
12

13           “(ii) under section 1014(a) (relating  
14 to property acquired from a decedent).

15           “(3) PRINCIPAL RESIDENCE.—The term ‘principal residence’ has the same meaning as when used  
16 in section 1034.  
17

18           “(4) PURCHASE PRICE.—The term ‘purchase price’ means the adjusted basis of the residence on  
19 the date of its acquisition.  
20

21           “(e) CARRYOVER OF UNUSED CREDIT.—

22           “(1) IN GENERAL.—If—

23           “(A) the credit allowable under subsection  
24 (a) after the application of subsection (b) exceeds  
25

1           “(B) the limitation imposed by section  
2           26(a) reduced by the sum of the credits allow-  
3           able under sections 21 and 22,  
4           such excess shall be carried to the succeeding tax-  
5           able year and shall be allowable under subsection (a)  
6           for such succeeding taxable year.

7           “(2) 5-YEAR LIMIT ON CARRYFORWARD.—No  
8           amount may be carried under paragraph (1) to any  
9           taxable year after the 5th taxable year after the tax-  
10          able year in which the residence is purchased.

11          “(f) RECAPTURE OF CREDIT FOR CERTAIN DISPOSI-  
12          TIONS.—

13           “(1) IN GENERAL.—Except as provided in para-  
14          graphs (2) and (3), if the taxpayer disposes of prop-  
15          erty with respect to the purchase of which a credit  
16          was allowed under subsection (a) and such disposi-  
17          tion occurs at any time within 36 months after the  
18          date the taxpayer acquired the property as his prin-  
19          cipal residence, then the tax imposed under this  
20          chapter for the taxable year in which the disposition  
21          occurs is increased by an amount equal to the  
22          amount allowed as a credit for the purchase of such  
23          property.

24           “(2) ACQUISITION OF NEW RESIDENCE.—If, in  
25          connection with a disposition described in paragraph

1       (1) and within the applicable period prescribed in  
2       section 1034, the taxpayer purchases a new principal  
3       residence, then paragraph (1) shall not apply and  
4       the tax imposed by this chapter for the taxable year  
5       in which the new principal residence is purchased is  
6       increased to the extent the amount of the credit that  
7       could be claimed under this section on the purchase  
8       of the new residence (were such residence purchased  
9       during the eligibility period) is less than the amount  
10      of credit claimed by the taxpayer under this section.

11           “(3) DEATH OF OWNER; CASUALTY LOSS; IN-  
12      VOLUNTARY CONVERSION; ETC.—Paragraph (1)  
13      shall not apply to—

14           “(A) a disposition of a residence made on  
15      account of the death of any individual having a  
16      legal or equitable interest therein occurring dur-  
17      ing the 36-month period referred to in para-  
18      graph (1),

19           “(B) a disposition of the old residence if it  
20      is substantially or completely destroyed by a  
21      casualty described in section 165(c)(3) or  
22      compulsorily or involuntarily converted (within  
23      the meaning of section 1033(a)), or

24           “(C) a disposition pursuant to a settlement  
25      in a divorce or legal separation proceeding



1           where the residence is sold or the other spouse  
2           retains the residence as a principal residence.

3           “(g) BASIS ADJUSTMENT.—For purposes of this sub-  
4 title, if a credit is allowed under this section with respect  
5 to the purchase of any residence, the basis of such resi-  
6 dence shall be reduced by the amount of the credit so al-  
7 lowed.”.

8           (b) CONFORMING AMENDMENTS.—

9           (1) Subsection (a) of section 1016 of such Code  
10          is amended by striking “and” at the end of para-  
11          graph (24), by striking the period at the end of  
12          paragraph (25) and inserting “, and”, and by add-  
13          ing at the end thereof the following new paragraph:

14               “(26) in the case of a residence with respect to  
15          which a credit was allowed under section 23, to the  
16          extent provided in section 23(g).”

17          (2) The table of sections for subpart A of part  
18          IV of subchapter A of chapter 1 of such Code is  
19          amended by inserting after the item relating to sec-  
20          tion 22 the following new item:

                  “Sec. 23. Purchase of principal residence by first-time home-  
  buyer.”

21          (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years ending after De-  
23 cember 31, 1994.

1       **Subtitle B—Revenue Increases**

2       **SEC. 3101. STOCK TRANSFER EXCISE TAX.**

3           (a) IN GENERAL.—Chapter 34 of the Internal Reve-  
4 nue Code of 1986 is amended by striking the chapter  
5 heading and inserting the following:

6                   **“CHAPTER 34—TAX ON CERTAIN**  
7                   **FINANCIAL TRANSACTIONS**

                  “Subchapter A. Tax on stock transfers.

                  “Subchapter B. Policies issued by foreign insurers.

8                   **“SUBCHAPTER A—TAX ON STOCK TRANSFERS**

                  “Sec. 4301. Imposition of tax.

                  “Sec. 4302. Collection of tax.

                  “Sec. 4303. Taxable stock transfer.

                  “Sec. 4304. Taxable stock.

9       **“SEC. 4301. IMPOSITION OF TAX.**

10           “(a) IN GENERAL.—There is hereby imposed on each  
11 taxable stock transfer a tax equal to 0.25 percent of the  
12 amount realized by the transferor of the taxable stock.

13           “(b) AMOUNT REALIZED.—For purposes of sub-  
14 section (a)—

15                   “(1) IN GENERAL.—Except as otherwise pro-  
16 vided in this subsection, the term ‘amount realized’  
17 has the same meaning as when used in section 1001.

18                   “(2) TRANSFERS WHICH ARE NOT SALES OR  
19 EXCHANGES.—In the case of any taxable stock  
20 transfer which is not a sale or exchange, the amount

1 realized is the fair market value of the taxable stock  
2 involved.

3 “(3) CERTAIN ITEMS NOT TAKEN INTO AC-  
4 COUNT.—The following amounts shall not be taken  
5 into account in computing the amount realized from  
6 any taxable stock transfer:

7 “(A) The tax imposed by this section.

8 “(B) Any brokerage or similar fees or com-  
9 missions.

10 “(C) Any State, local or foreign tax im-  
11 posed on the taxable stock transfer.

12 “(c) TAX PAID BY TRANSFEROR.—The tax imposed  
13 by subsection (a) shall be paid by the transferor of the  
14 taxable stock.

15 **“SEC. 4302. COLLECTION OF TAX.**

16 “(a) COLLECTED BY BROKER.—Every broker who—

17 “(1) acts on behalf of the transferor in any tax-  
18 able stock transfer, and

19 “(2) receives any payment on behalf of the  
20 transferor for such transfer,

21 shall collect the amount of the tax imposed by section  
22 4301 by deducting and withholding such tax from the  
23 amount of any such payment. Any person required to de-  
24 duct and withhold any tax under the preceding sentence  
25 is hereby made liable for such tax and is hereby indem-

1 nified against the claims and demands of any person for  
 2 the amount of any payment so deducted and withheld.

3 “(b) PAYMENT BY TRANSFEROR WHERE NO  
 4 BROKER.—In any case in which there is no broker re-  
 5 quired to collect the tax under subsection (a), the trans-  
 6 feror shall pay such tax in such manner as the Secretary  
 7 shall by regulations prescribe.

8 **“SEC. 4303. TAXABLE STOCK TRANSFER.**

9 “(a) GENERAL RULE.—For purposes of this sub-  
 10 chapter, the term ‘taxable stock transfer’ means any  
 11 transfer of a taxable stock if such transfer is made  
 12 through an established securities market in the United  
 13 States.

14 “(b) EXEMPTIONS.—For purposes of this subchapter,  
 15 the term ‘taxable stock transfer’ does not include—

16 “(1) DEATH.—Any transfer at death.

17 “(2) GIFT.—Any transfer to the extent such  
 18 transfer is a gift.

19 “(3) BETWEEN SPOUSES OR INCIDENT TO DI-  
 20 VORCE.—Any transfer described in section 1041(a).

21 **“SEC. 4304. TAXABLE STOCK DEFINED.**

22 “(a) TAXABLE STOCK.—For purposes of this sub-  
 23 chapter, the term ‘taxable stock’ means any stock in a cor-  
 24 poration or interest in a partnership which is publicly

1 traded on an established securities market in the United  
2 States.

3 “SUBCHAPTER B—POLICIES ISSUED BY FOREIGN  
4 INSURERS”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) The table of chapters for subtitle D of such  
7 Code is amended by striking the item relating to  
8 chapter 34 and inserting the following:

“Chapter 34. Tax on certain financial transactions.”

9 (2) Sections 4372(c) and 4374 of such Code  
10 are each amended by striking “this chapter” and in-  
11 serting “this subchapter”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to transfers after December 31,  
14 1996.

15 **SEC. 3102. REPEAL OF PREFERENTIAL RATE OF TAX ON**  
16 **CAPITAL GAINS.**

17 (a) IN GENERAL.—Section 1 of the Internal Revenue  
18 Code of 1986 is amended by striking subsection (h).

19 (b) CONFORMING AMENDMENTS.—

20 (1) Paragraph (4) of section 691(c) of such  
21 Code is amended by striking “1(h),”.

22 (2)(A) Subparagraph (B) of section 904(b)(2)  
23 of such Code is amended by striking “In the case of  
24 any taxable year” and inserting “In the case of a  
25 corporation with respect to any taxable year”.

1           (B) Subparagraph (D) of section 904(b)(3) of  
2       such Code is amended by striking “if—” and all  
3       that follows through “(ii) in the case of a corpora-  
4       tion,” and inserting “if”.

5           (C) Subparagraph (E) of section 904(b)(3) of  
6       such Code is amended to read as follows:

7                   “(E) RATE DIFFERENTIAL PORTION.—The  
8       rate differential portion of foreign source net  
9       capital gain, net capital gain, or the excess of  
10      net capital gain from sources within the United  
11      States over net capital gain, as the case may  
12      be, is the same proportion of such amount as—

13                           “(i) the excess of—

14                                   “(I) the highest rate of tax speci-  
15                                   fied in section 11(b), over

16                                   “(II) the alternative rate of tax  
17                                   under section 1201(a), bears to

18                                   “(ii) the highest rate of tax specified  
19                                   in section 11(b).”

20           (3) Paragraph (1) of section 1445(e) of such  
21       Code is amended by striking “(or, to the extent pro-  
22       vided in regulations, 28 percent)”.

23           (4)(A) The second sentence of section  
24       7518(g)(6)(A) of such Code is amended—

1 (i) by striking “With respect to” and in-  
2 serting “In the case of a corporation, with re-  
3 spect to”,

4 (ii) by striking “1(h) or”, and

5 (iii) by striking “28 percent (34 percent in  
6 the case of a corporation” and inserting “34  
7 percent”.

8 (B) The second sentence of section  
9 607(h)(6)(A) of the Merchant Marine Act, 1936 is  
10 amended—

11 (i) by striking “With respect to” and in-  
12 serting “In the case of a corporation, with re-  
13 spect to”,

14 (ii) by striking “1(h) or”, and

15 (iii) by striking “28 percent (34 percent in  
16 the case of a corporation” and inserting “34  
17 percent”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to taxable years beginning after  
20 December 31, 1996.

21 **SEC. 3103. REPEAL OF CREDIT FOR FOREIGN TAXES.**

22 (a) IN GENERAL.—Section 901 of the Internal Reve-  
23 nue Code of 1986 (relating to taxes of foreign countries  
24 and of possessions of the United States) is amended by

1 redesignating subsection (k) as subsection (l) and by in-  
 2 serting after subsection (j) the following new subsection:

3 “(k) TERMINATION OF FOREIGN TAX CREDIT.—

4 “(1) IN GENERAL.—No credit shall be allowed  
 5 under subsection (a) for any income, war profits, or  
 6 excess profits taxes paid or accrued (or deemed paid  
 7 under section 902 or 960) for any taxable year be-  
 8 ginning after the date of the enactment of this sub-  
 9 section.

10 “(2) TAXES ALLOWED AS DEDUCTION.—Section  
 11 275(4) shall not apply to any tax for which credit  
 12 is not allowable by reason of this subsection.”

13 (b) EFFECTIVE DATE.—The amendment made by  
 14 this section shall apply to taxable years beginning after  
 15 the date of the enactment of this Act.

16 **SEC. 3104. REPEAL OF DEFERRAL OF INCOME OF CON-**  
 17 **TROLLED FOREIGN CORPORATIONS.**

18 (a) GENERAL RULE.—Subpart F of part III of sub-  
 19 chapter N of chapter 1 of the Internal Revenue Code of  
 20 1986 is amended by striking sections 952, 953, and 954  
 21 and inserting the following new sections:

22 **“SEC. 952. SUBPART F INCOME.**

23 “(a) GENERAL RULE.—For purposes of this subpart,  
 24 the term ‘subpart F income’ means the earnings and prof-



1 its of the controlled foreign corporation for the taxable  
2 year computed with the following adjustments:

3           “(1) There shall be excluded the amount of the  
4 earnings and profits which are attributable to in-  
5 come from sources within the United States which  
6 is effectively connected with the conduct by the con-  
7 trolled foreign corporation of a trade or business  
8 within the United States, except to the extent such  
9 income is exempt from taxation (or subject to a re-  
10 duced rate of tax) pursuant to a treaty obligation of  
11 the United States. For purposes of the preceding  
12 sentence, income described in paragraph (2) or (3)  
13 of section 921(d) shall be treated as derived from  
14 sources within the United States.

15           “(2) In determining earnings and profits (or  
16 the deficit in earnings and profits), the amount of  
17 any illegal bribe, kickback, or other payment (within  
18 the meaning of section 162(c)) shall not be taken  
19 into account to decrease such earnings and profits or  
20 to increase such deficit. The payments referred to in  
21 the preceding sentence are payments which would be  
22 unlawful under the Foreign Corrupt Practices Act of  
23 1977 if the payor were a United States person.

24           “(3) Under regulations prescribed by the Sec-  
25 retary, there shall be excluded the part of any earn-

1        ings and profits if it is established to the satisfaction  
2        of the Secretary that such part could not have been  
3        distributed by the controlled foreign corporation to  
4        United States shareholders who own (within the  
5        meaning of section 958(a)) stock of such controlled  
6        foreign corporation because of currency or other re-  
7        strictions or limitations imposed under the laws of  
8        any foreign country.

9            “(4) Earnings and profits shall be determined  
10        without regard to paragraphs (4), (5), and (6) of  
11        section 312(n). Under regulations, the preceding  
12        sentence shall not apply to the extent it would in-  
13        crease earnings and profits by an amount which was  
14        previously distributed by the controlled foreign cor-  
15        poration.

16        Except as provided in this subsection and section  
17        312(k)(4), the earnings and profits of any foreign corpora-  
18        tion, and the deficit and earnings and profits of any for-  
19        eign corporation for any taxable year shall be determined  
20        according to rules similar to those applicable to domestic  
21        corporations, under regulations prescribed by the Sec-  
22        retary.

23            “(b) CERTAIN DEFICITS MAY BE TAKEN INTO AC-  
24        COUNT.—

1           “(1) TREATMENT OF CERTAIN PRIOR YEAR  
2 DEFICITS.—

3           “(A) IN GENERAL.—The amount included  
4 in the gross income of any United States share-  
5 holder under section 951(a)(1)(A)(i) for any  
6 taxable year with respect to any controlled for-  
7 eign corporation shall be reduced by the amount  
8 of such shareholder’s pro rata share of any  
9 qualified deficit of such controlled foreign cor-  
10 poration.

11           “(B) QUALIFIED DEFICIT.—For purposes  
12 of this paragraph—

13           “(i) IN GENERAL.—The term ‘quali-  
14 fied deficit’ means any deficit in the earn-  
15 ings and profits of the controlled foreign  
16 corporation for any prior taxable year  
17 which began after December 31, 1995, and  
18 for which such corporation was a con-  
19 trolled foreign corporation, but only to the  
20 extent such deficit has not previously been  
21 taken into account under this paragraph.

22           “(ii) SPECIAL RULE FOR DEFICITS  
23 BEFORE 1996.—The term ‘qualified deficit’  
24 includes any deficit in earnings and profits  
25 for any taxable year beginning before Jan-

1 uary 1, 1996, to the extent that such defi-  
2 cit qualified as a qualified deficit under  
3 subsection (c)(1)(B) of this section (as in  
4 effect on the day before the date of the en-  
5 actment of the Job Creation and Invest in  
6 America Act of 1995); except that any  
7 such deficit may be taken into account  
8 under this paragraph only to offset  
9 amounts attributable to the same activity  
10 as the activity giving rise to such deficit.

11 “(C) PRO RATA SHARE.—For purposes of  
12 this paragraph, the shareholder’s pro rata share  
13 of any deficit shall be determined under rules  
14 similar to the rules of section 951(a)(2) for  
15 whichever of the following yields the smallest  
16 share:

17 “(i) the close of the taxable year, or

18 “(ii) the close of the taxable year in  
19 which the deficit arose.

20 “(2) CERTAIN DEFICITS OF MEMBER OF THE  
21 SAME CHAIN OF CORPORATIONS MAY BE TAKEN  
22 INTO ACCOUNT.—

23 “(A) IN GENERAL.—A controlled foreign  
24 corporation may elect to reduce the amount of  
25 its subpart F income for any taxable year by

1 the amount of any deficit in earnings and prof-  
2 its of a qualified chain member for a taxable  
3 year ending with (or within) the taxable year of  
4 such controlled foreign corporation. To the ex-  
5 tent any deficit reduces subpart F income  
6 under the preceding sentence, such deficit shall  
7 not be taken into account under paragraph (1).

8 “(B) QUALIFIED CHAIN MEMBER.—For  
9 purposes of this paragraph, the term ‘qualified  
10 chain member’ means, with respect to any con-  
11 trolled foreign corporation, any other corpora-  
12 tion which is created or organized under the  
13 laws of the same foreign country as the con-  
14 trolled foreign corporation but only if—

15 “(i) all the stock of such other cor-  
16 poration (other than directors’ qualifying  
17 shares) is owned at all times during the  
18 taxable year in which the deficit arose (di-  
19 rectly or through 1 or more corporations  
20 other than the common parent) by such  
21 controlled foreign corporation, or

22 “(ii) all the stock of such controlled  
23 foreign corporation (other than directors’  
24 qualifying shares) is owned at all times  
25 during the taxable year in which the deficit

1           arose (directly or through 1 or more cor-  
2           porations other than the common parent)  
3           by such other corporation.

4           “(C) COORDINATION.—This paragraph  
5           shall be applied after paragraph (1).

6           “(3) DETERMINATION OF DEFICIT.—In deter-  
7           mining the amount of any deficit in earnings and  
8           profits, the adjustments set forth in subsection (a)  
9           shall apply.

10   **“SEC. 953. SPECIAL RULES FOR CERTAIN INSURANCE COM-**  
11           **PANIES.**

12           “(a) SPECIAL RULE FOR CERTAIN CAPTIVE INSUR-  
13   ANCE COMPANIES.—

14           “(1) IN GENERAL.—For purposes only of tak-  
15           ing into account subpart F income which is attrib-  
16           utable to related person insurance income—

17           “(A) the term ‘United States shareholder’  
18           means, with respect to any foreign corporation,  
19           a United States person (as defined in section  
20           957(c)) who owns (within the meaning of sec-  
21           tion 958(a)) any stock of the foreign corpora-  
22           tion,

23           “(B) the term ‘controlled foreign corpora-  
24           tion’ has the meaning given to such term by  
25           section 957(a) determined by substituting ‘25

1           percent or more’ for ‘more than 50 percent’,  
2           and

3           “(C) the pro rata share referred to in sec-  
4           tion 951(a)(1)(A)(i) shall be determined under  
5           paragraph (5) of this subsection.

6           “(2) RELATED PERSON INSURANCE INCOME.—  
7           For purposes of this subsection, the term ‘related  
8           person insurance income’ means any insurance in-  
9           come (within the meaning of subsection (c)) attrib-  
10          utable to a policy of insurance or reinsurance with  
11          respect to which the person (directly or indirectly)  
12          insured is a United States shareholder in the foreign  
13          corporation or a related person to such a share-  
14          holder.

15          “(3) EXCEPTIONS.—

16                 “(A) CORPORATIONS NOT HELD BY  
17                 INSUREDS.—Paragraph (1) shall not apply to  
18                 any foreign corporation if at all times during  
19                 the taxable year of such foreign corporation—

20                         “(i) less than 20 percent of the total  
21                         combined voting power of all classes of  
22                         stock of such corporation entitled to vote,  
23                         and

24                         “(ii) less than 20 percent of the total  
25                         value of such corporation,

1 is owned (directly or indirectly) under the prin-  
2 ciples of section 883(c)(4) by persons who are  
3 (directly or indirectly) insured under any policy  
4 of insurance or reinsurance issued by such cor-  
5 poration or who are related persons to any such  
6 person.

7 “(B) DE MINIMIS EXCEPTION.—Paragraph  
8 (1) shall not apply to any foreign corporation  
9 for a taxable year of such corporation if the re-  
10 lated person insurance income (determined on a  
11 gross basis) of such corporation for such tax-  
12 able year is less than 20 percent of its insur-  
13 ance income (as so determined) for such taxable  
14 year determined without regard to those provi-  
15 sions of subsection (c)(1) which limit insurance  
16 income to income from countries other than the  
17 country in which the corporation was created or  
18 organized.

19 “(C) ELECTION TO TREAT INCOME AS EF-  
20 FECTIVELY CONNECTED.—Paragraph (1) shall  
21 not apply to any foreign corporation for any  
22 taxable year if—

23 “(i) such corporation elects (at such  
24 time and in such manner as the Secretary  
25 may prescribe)—



1 “(I) to treat its related person in-  
2 surance income for such taxable year  
3 as income effectively connected with  
4 the conduct of a trade or business in  
5 the United States, and

6 “(II) to waive all benefits (other  
7 than with respect to section 884) with  
8 respect to related person insurance in-  
9 come granted by the United States  
10 under any treaty between the United  
11 States and any foreign country, and

12 “(ii) such corporation meets such re-  
13 quirements as the Secretary shall prescribe  
14 to ensure that the tax imposed by this  
15 chapter on such income is paid.

16 An election under this subparagraph made for  
17 any taxable year shall not be effective if the  
18 corporation (or any predecessor thereof) was a  
19 disqualified corporation for the taxable year for  
20 which the election was made or for any prior  
21 taxable year beginning after 1986.

22 “(D) SPECIAL RULES FOR SUBPARAGRAPH  
23 (C).—

24 “(i) PERIOD DURING WHICH ELEC-  
25 TION IN EFFECT.—

1           “(I) IN GENERAL.—Except as  
2           provided in subclause (II), any elec-  
3           tion under subparagraph (C) shall  
4           apply to the taxable year for which  
5           made and all subsequent taxable years  
6           unless revoked with the consent of the  
7           Secretary.

8           “(II) TERMINATION.—If a for-  
9           eign corporation which made an elec-  
10          tion under subparagraph (C) for any  
11          taxable year is a disqualified corpora-  
12          tion for any subsequent taxable year,  
13          such election shall not apply to any  
14          taxable year beginning after such sub-  
15          sequent taxable year.

16          “(ii) EXEMPTION FROM TAX IMPOSED  
17          BY SECTION 4371.—The tax imposed by  
18          section 4371 shall not apply with respect  
19          to any related person insurance income  
20          treated as effectively connected with the  
21          conduct of a trade or business within the  
22          United States under subparagraph (C).

23          “(E) DISQUALIFIED CORPORATION.—For  
24          purposes of this paragraph the term ‘disquali-  
25          fied corporation’ means, with respect to any

1 taxable year, any foreign corporation which is a  
2 controlled foreign corporation for an uninter-  
3 rupted period of 30 days or more during such  
4 taxable year (determined without regard to this  
5 subsection) but only if a United States share-  
6 holder (determined without regard to this sub-  
7 section) owns (within the meaning of section  
8 958(a)) stock in such corporation at some time  
9 during such taxable year.

10 “(4) TREATMENT OF MUTUAL INSURANCE COM-  
11 PANIES.—In the case of a mutual insurance com-  
12 pany—

13 “(A) this subsection shall apply,

14 “(B) policyholders of such company shall  
15 be treated as shareholders, and

16 “(C) appropriate adjustments in the appli-  
17 cation of this subpart shall be made under reg-  
18 ulations prescribed by the Secretary.

19 “(5) DETERMINATION OF PRO RATA SHARE.—

20 “(A) IN GENERAL.—The pro rata share  
21 determined under this paragraph for any Unit-  
22 ed States shareholder is the lesser of—

23 “(i) the amount which would be deter-  
24 mined under paragraph (2) of section  
25 951(a) if—

1           “(I) only related person insur-  
2           ance income were taken into account,

3           “(II) stock owned (within the  
4           meaning of section 958(a)) by United  
5           States shareholders on the last day of  
6           the taxable year were the only stock  
7           in the foreign corporation, and

8           “(III) only distributions received  
9           by United States shareholders were  
10          taken into account under subpara-  
11          graph (B) of such paragraph (2), or

12          “(ii) the amount which would be de-  
13          termined under paragraph (2) of section  
14          951(a) on the basis of the entire subpart  
15          F income of the foreign corporation for the  
16          taxable year.

17          “(B) COORDINATION WITH OTHER PROVI-  
18          SIONS.—The Secretary shall prescribe regula-  
19          tions providing for such modifications to the  
20          provisions of this subpart as may be necessary  
21          or appropriate by reason of subparagraph (A).

22          “(6) RELATED PERSON.—For purposes of this  
23          subsection—

1           “(A) IN GENERAL.—Except as provided in  
2           subparagraph (B), the term ‘related person’ has  
3           the meaning given such term by section 964(a).

4           “(B) TREATMENT OF CERTAIN LIABILITY  
5           INSURANCE POLICIES.—In the case of any pol-  
6           icy of insurance covering liability arising from  
7           services performed as a director, officer, or em-  
8           ployee of a corporation or as a partner or em-  
9           ployee of a partnership, the person performing  
10          such services and the entity for which such  
11          services are performed shall be treated as relat-  
12          ed persons.

13          “(7) COORDINATION WITH SECTION 1248.—For  
14          purposes of section 1248, if any person is (or would  
15          be but for paragraph (3)) treated under paragraph  
16          (1) as a United States shareholder with respect to  
17          any foreign corporation which would be taxed under  
18          subchapter L if it were a domestic corporation and  
19          which is (or would be but for paragraph (3)) treated  
20          under paragraph (1) as a controlled foreign corpora-  
21          tion—

22                 “(A) such person shall be treated as meet-  
23                 ing the stock ownership requirements of section  
24                 1248(a)(2) with respect to such foreign cor-  
25                 poration, and

1           “(B) such foreign corporation shall be  
2           treated as a controlled foreign corporation.

3           “(8) REGULATIONS.—The Secretary shall pre-  
4           scribe such regulations as may be necessary to carry  
5           out the purposes of this subsection, including—

6           “(A) regulations preventing the avoidance  
7           of this subsection through cross insurance ar-  
8           rangements or otherwise, and

9           “(B) regulations which may provide that a  
10          person will not be treated as a United States  
11          shareholder under paragraph (1) with respect  
12          to any foreign corporation if neither such per-  
13          son (nor any related person to such person) is  
14          (directly or indirectly) insured under any policy  
15          of insurance or reinsurance issued by such for-  
16          eign corporation.

17          “(b) ELECTION BY FOREIGN INSURANCE COMPANY  
18          TO BE TREATED AS DOMESTIC CORPORATION.—

19          “(1) IN GENERAL.—If—

20               “(A) a foreign corporation is a controlled  
21               foreign corporation (as defined in section  
22               957(a) by substituting ‘25 percent or more’ for  
23               ‘more than 50 percent’ and by using the defini-  
24               tion of United States shareholder under sub-  
25               section (a)(1)(A)),

1           “(B) such foreign corporation would qual-  
2           ify under part I or II of subchapter L for the  
3           taxable year if it were a domestic corporation,

4           “(C) such foreign corporation meets such  
5           requirements as the Secretary shall prescribe to  
6           ensure that the taxes imposed by this chapter  
7           on such foreign corporation are paid, and

8           “(D) such foreign corporation makes an  
9           election to have this paragraph apply and  
10          waives all benefits to such corporation granted  
11          by the United States under any treaty,  
12          for purposes of this title, such corporation shall be  
13          treated as a domestic corporation.

14          “(2) PERIOD DURING WHICH ELECTION IS IN  
15          EFFECT.—

16          “(A) IN GENERAL.—Except as provided in  
17          subparagraph (B), an election under paragraph  
18          (1) shall apply to the taxable year for which  
19          made and all subsequent taxable years unless  
20          revoked with the consent of the Secretary.

21          “(B) TERMINATION.—If a corporation  
22          which made an election under paragraph (1) for  
23          any taxable year fails to meet the requirements  
24          of subparagraphs (A), (B), and (C), of para-  
25          graph (1) for any subsequent taxable year, such

1 election shall not apply to any taxable year be-  
2 ginning after such subsequent taxable year.

3 “(3) TREATMENT OF LOSSES.—If any corpora-  
4 tion treated as a domestic corporation under this  
5 subsection is treated as a member of an affiliated  
6 group for purposes of chapter 6 (relating to consoli-  
7 dated returns), any loss of such corporation shall be  
8 treated as a dual consolidated loss for purposes of  
9 section 1503(d) without regard to paragraph (2)(B)  
10 thereof.

11 “(4) EFFECT OF ELECTION.—

12 “(A) IN GENERAL.—For purposes of sec-  
13 tion 367, any foreign corporation making an  
14 election under paragraph (1) shall be treated as  
15 transferring (as the 1st day of the 1st taxable  
16 year to which such election applies) all of its as-  
17 sets to a domestic corporation in connection  
18 with an exchange to which section 354 applies.

19 “(B) EXCEPTION FOR PRE-1988 EARNINGS  
20 AND PROFIT.—

21 “(i) IN GENERAL.—Earnings and  
22 profits of the foreign corporation accumu-  
23 lated in taxable years beginning before  
24 January 1, 1988, shall not be included in  
25 the gross income of the persons holding



1 stock in such corporation by reason of sub-  
2 paragraph (A).

3 “(ii) TREATMENT OF DISTRIBUTIONS.—For purposes of this title, any dis-  
4 tribution made by a corporation to which  
5 an election under paragraph (1) applies  
6 out of earnings and profits accumulated in  
7 taxable years beginning before January 1,  
8 1988, shall be treated as a distribution  
9 made by a foreign corporation.  
10

11 “(iii) CERTAIN RULES TO CONTINUE  
12 TO APPLY TO PRE-1988 EARNINGS.—The  
13 provisions specified in clause (iv) shall be  
14 applied without regard to paragraph (1),  
15 except that, in the case of a corporation to  
16 which an election under paragraph (1) ap-  
17 plies, only earnings and profits accumu-  
18 lated in taxable years beginning before  
19 January 1, 1988, shall be taken into ac-  
20 count.

21 “(iv) SPECIFIED PROVISIONS.—The  
22 provisions specified in this clause are:

23 “(I) Section 1248 (relating to  
24 gain from certain sales or exchanges

1 of stock in certain foreign corpora-  
2 tions).

3 “(II) This subpart to the extent  
4 such subpart related to earnings in-  
5 vested in United States property or  
6 amounts referred to in clause (ii) or  
7 (iii) of section 951(a)(1)(A).

8 “(III) Section 884 to the extent  
9 the foreign corporation reinvested  
10 1987 earnings and profits in United  
11 States assets.

12 “(5) EFFECT OF TERMINATION.—For purposes  
13 of section 367, if—

14 “(A) an election is made by a corporation  
15 under paragraph (1) for any taxable year, and

16 “(B) such election ceases to apply for any  
17 subsequent taxable year,

18 such corporation shall be treated as a domestic cor-  
19 poration transferring (as of the 1st day of such sub-  
20 sequent taxable year) all of its property to a foreign  
21 corporation in connection with an exchange to which  
22 section 354 applies.

23 “(6) ADDITIONAL TAX ON CORPORATION MAK-  
24 ING ELECTION.—

1           “(A) IN GENERAL.—If a corporation  
2           makes an election under paragraph (1), the  
3           amount of tax imposed by this chapter for the  
4           1st taxable year to which such election applies  
5           shall be increased by the amount determined  
6           under subparagraph (B).

7           “(B) AMOUNT OF TAX.—The amount of  
8           tax determined under this paragraph shall be  
9           equal to the lesser of—

10                   “(i)  $\frac{3}{4}$  of 1 percent of the aggregate  
11                   amount of capital and accumulated surplus  
12                   of the corporation as of December 31,  
13                   1987, or

14                   “(ii) \$1,500,000.

15           “(c) INSURANCE INCOME DEFINED.—For purposes  
16           of this section, the term ‘insurance income’ means any in-  
17           come which—

18                   “(1) is attributable to the issuing (or reinsur-  
19           ing) of any insurance or annuity contract—

20                   “(A) in connection with property in, liabil-  
21           ity arising out of activity in, or in connection  
22           with the lives or health of residents of, a coun-  
23           try other than the country under the laws of  
24           which the controlled foreign corporation is cre-  
25           ated or organized, or

1           “(B) in connection with risks not described  
2           in subparagraph (A) as the result of any ar-  
3           rangement whereby another corporation receives  
4           a substantially equal amount of premiums or  
5           other consideration in respect of issuing (or re-  
6           insuring) a contract described in subparagraph  
7           (A), and

8           “(2) would (subject to the modifications pro-  
9           vided by paragraphs (1) and (2) of subsection (d))  
10          be taxed under subchapter L of this chapter if such  
11          income were the income of a domestic insurance  
12          company.

13          “(d) SPECIAL RULES.—In determining the amount  
14          of insurance income—

15               “(1) The following provisions of subchapter L  
16               shall not apply:

17                       “(A) The small life insurance company de-  
18                       duction.

19                       “(B) Section 805(a)(5) (relating to oper-  
20                       ations loss deduction).

21                       “(C) Section 832(c)(5) (relating to certain  
22                       capital losses).

23               “(2) The items referred to in—

24                       “(A) section 803(a)(1) (relating to gross  
25                       amount of premiums and other considerations),

1 “(B) section 803(a)(2) (relating to net de-  
2 crease in reserves),

3 “(C) section 805(a)(2) (relating to net in-  
4 crease in reserves), and

5 “(D) section 832(b)(4) (relating to pre-  
6 miums earned on insurance contracts),

7 shall be taken into account only to the extent they  
8 are in respect of any reinsurance or the issuing of  
9 any insurance or annuity contract described in sub-  
10 section (a)(1).

11 “(3) All items of income, expenses, losses, and  
12 deductions shall be properly allocated or apportioned  
13 under regulations prescribed by the Secretary.”

14 (b) REPEAL OF EXPORT TRADE CORPORATION PRO-  
15 VISIONS.—Subpart G of part III of subchapter N of chap-  
16 ter 1 of such Code (relating to export trade corporations)  
17 is hereby repealed.

18 (c) CONFORMING AMENDMENTS TO SUBPART F.—

19 (1) Subparagraph (A) of section 955(a)(1) of  
20 such Code is amended by inserting “(as in effect for  
21 taxable years beginning before 1987)” after “section  
22 954(b)(2)”.

23 (2) Subsection (b) of section 955 of such Code  
24 is amended by striking “within the meaning of sec-

1       tion 954(d)(3)” and inserting “within the meaning  
2       of section 964(a)”.

3           (3) Paragraph (2) of section 956(c) of such  
4       Code is amended—

5           (A) by striking “section 953(a)(1)” in sub-  
6       paragraph (E) and inserting “section  
7       953(c)(1)”, and

8           (B) by inserting “(as in effect on the day  
9       before the date of the enactment of the Job  
10      Creation and Invest in America Act of 1995) or  
11      under section 952(a)(1)” after “section 952(b)”  
12      in subparagraph (H).

13          (4) Subsection (b) of section 957 of such Code  
14      is amended—

15          (A) by striking “income described in sec-  
16      tion 953(a)” and inserting “subpart F income  
17      attributable to income described in section  
18      953(c)”, and

19          (B) by striking “section 953(a)(1)” and in-  
20      serting “section 953(c)(1)”.

21          (5) Subsection (b) of section 958 of such Code  
22      is amended—

23          (A) by striking “954(d)(3), 956(b)(2), and  
24      957” and inserting “956(b)(2), 957, and  
25      964(a)”, and

1 (B) by striking “954(d)(3)” the second  
2 place it appears and inserting “964(a)”.

3 (6) Subsection (b) of section 959 of such Code  
4 is amended by striking “be also included in the gross  
5 income” and inserting “be also included in the sub-  
6 part F income”.

7 (7) Subsection (a) of section 964 of such Code  
8 is amended to read as follows:

9 “(a) RELATED PERSON.—For purposes of this part,  
10 a person is a related person with respect to a controlled  
11 foreign corporation, if—

12 “(1) such person is an individual, corporation,  
13 partnership, trust, or estate which controls, or is  
14 controlled by, the controlled foreign corporation, or

15 “(2) such person is a corporation, partnership,  
16 trust, or estate which is controlled by the same per-  
17 son or persons which control the controlled foreign  
18 corporation.

19 For purposes of the preceding sentence, control means,  
20 with respect to a corporation, the ownership, directly or  
21 indirectly, of stock possessing more than 50 percent of the  
22 total voting power of all classes of stock entitled to vote  
23 or of the total value of stock of such corporation. In the  
24 case of a partnership, trust, or estate, control means the  
25 ownership, directly or indirectly, more than 50 percent (by

1 value) of the beneficial interests in such partnership, trust,  
 2 or estate. For purposes of this paragraph, rules similar  
 3 to the rules of section 958 shall apply.”

4 (8) Section 964 of such Code is amended by  
 5 striking subsection (b).

6 (9) The table of sections for subpart F of part  
 7 III of subchapter N of chapter 1 of such Code is  
 8 amended by striking the items relating to sections  
 9 952, 953 and 954 and inserting the following:

“Sec. 952. Subpart F income.

“Sec. 953. Special rules for certain insurance companies.”

10 (f) OTHER CONFORMING AMENDMENTS.—

11 (1) Paragraph (2) of section 552(c) of such  
 12 Code is amended—

13 (A) by amending subparagraph (A) to read  
 14 as follows:

15 “(A) is received from a related person  
 16 which (i) is a corporation created or organized  
 17 under the laws of the same foreign country  
 18 under the laws of which the foreign corporation  
 19 involved was created or organized, and (ii) has  
 20 a substantial part of its assets used in its trade  
 21 or business located in such same foreign coun-  
 22 try, and”, and

23 (B) by striking “954(d)(3)” and inserting  
 24 “964(a)”.



1           (2) Subparagraph (B) of section 861(c)(2) of  
2       such Code is amended by striking “954(d)(3)” and  
3       inserting “964(a)”.

4           (3) Subparagraph (A) of section 864(d)(5) of  
5       such Code is amended by striking clauses (ii), (iii),  
6       and (iv).

7           (4) Subparagraph (A) of section 881(c)(5) of  
8       such Code is hereby repealed.

9           (5) Subparagraph (D) of section 884(d)(2) of  
10      such Code is amended by striking “953(c)(3)(C)”  
11      and inserting “953(a)(3)(C)”.

12          (6) Subparagraph (A) of section 898(b)(3) of  
13      such Code is amended—

14                (A) by striking “953(c)(2)” and inserting  
15                “953(a)(2)”, and

16                (B) by striking “953(c)(1) and inserting  
17                “953(a)(1)”.

18          (7) Clause (i) of section 904(d)(2)(A) of such  
19      Code is amended by inserting “, as in effect on the  
20      day before the date of the enactment of the Job Cre-  
21      ation and Invest in America Act of 1995,” after  
22      “section 954(c)”.

23          (8) Subclause (III) of section 904(d)(2)(C)(ii)  
24      of such Code is amended by striking “953(a)” and  
25      inserting “953(c)”.

1           (9) Subparagraph (D) of section 904(d)(2) of  
2 such Code is amended—

3           (A) by inserting “, as in effect on the day  
4 before the date of the enactment of the Job  
5 Creation and Invest in America Act of 1995,”  
6 after “954(f)”, and

7           (B) by inserting “or passive income” be-  
8 fore the period at the end thereof.

9           (10) Subparagraph (H) of section 904(d)(2) of  
10 such Code is amended by striking “954(d)(3)” and  
11 inserting “964(a)”.

12           (11) Subparagraph (E) of section 904(d)(3) of  
13 such Code is hereby repealed.

14           (12) Subparagraph (C) of section 988(a)(3) of  
15 such Code is amended by striking “954(d)(3)” and  
16 inserting “964(a)”.

17           (13) Subsection (c) of section 999 of such Code  
18 is amended—

19           (A) by striking “, 952(a)(3),” in para-  
20 graph (1), and

21           (B) by striking “, the addition to subpart  
22 F income under section 952(a)(3),” in para-  
23 graph (2).

1           (14) Subsection (a) of section 6046 of such  
2       Code is amended by striking “953(c)” and inserting  
3       “953(a)”.

4           (15) The table of subparts for part III of sub-  
5       chapter M of chapter 1 of such Code is amended by  
6       striking the item relating to subpart G.

7       (g) EFFECTIVE DATE.—The amendments made by  
8       this section shall apply to taxable years of controlled for-  
9       eign corporations beginning after December 31, 1995, and  
10      to the taxable years of United States shareholders with  
11      which (or in which) such taxable years of controlled for-  
12      eign corporations end.

13   **SEC. 3105. USE OF FORMULAIC APPROACH UNDER SECTION**  
14                           **482.**

15      Not later than January 1, 1996, the Secretary of the  
16      Treasury or his delegate shall prescribe regulations under  
17      section 482 of the Internal Revenue Code of 1986 which  
18      use a formulaic approach to clearly reflect income of mul-  
19      tinationals corporations.

20   **SEC. 3106. REPEAL OF INCREASE IN BASIS OF PROPERTY**  
21                           **ACQUIRED FROM A DECEDENT.**

22      (a) IN GENERAL.—Section 1014 of the Internal Rev-  
23      enue Code of 1986 (relating to basis of property acquired  
24      from a decedent) is hereby repealed.

1       (b) BASIS TO BE DETERMINED UNDER RULES AP-  
2       PLICABLE TO GIFTS.—Section 1015 of such Code (relat-  
3       ing to basis of property acquired by gifts and transfers  
4       in trusts) is amended by adding at the end the following  
5       new subsection:

6       “(f) PROPERTY ACQUIRED FROM OR PASSING FROM  
7       A DECEDENT.—

8               “(1) IN GENERAL.—Property acquired from a  
9       decedent dying after December 31, 1995, or passed  
10      from such a decedent shall be treated for purposes  
11      of subsection (a) as acquired by gift for purposes of  
12      this section.

13              “(2) PROPERTY ACQUIRED FROM A DECE-  
14      DENT.—Section 1014(b) (as in effect on the day be-  
15      fore the date of the enactment of the Citizens’ Tax  
16      Relief Act of 1995) shall apply for purposes of  
17      whether property is considered to have been acquired  
18      from or to have passed from the decedent.

19              “(3) INCREASE IN BASIS FOR ESTATE TAX  
20      PAID.—

21              “(A) IN GENERAL.—The basis of any  
22      property which this subsection applies shall be  
23      the basis determined under subsection (a) in-  
24      creased by the portion of the aggregate death

1 tax adjustment which is allocated to the prop-  
2 erty pursuant to this paragraph.

3 “(B) LIMITATION.—The death tax adjust-  
4 ment for any property shall not exceed—

5 “(i) the net appreciation in such prop-  
6 erty, multiplied by

7 “(ii) the Federal marginal estate tax  
8 rate.

9 “(C) NET APPRECIATION.—For purposes  
10 of this paragraph, the net appreciation in value  
11 of any property is the amount by which—

12 “(i) the fair market value of such  
13 property, exceeds

14 “(ii) the initial basis of such property  
15 increased by the minimum basis adjust-  
16 ment of such property.

17 “(4) AGGREGATE DEATH TAX ADJUSTMENT.—  
18 In the case of any estate—

19 “(A) IN GENERAL.—The aggregate death  
20 tax adjustment is the product of—

21 “(i) the aggregate net appreciation of  
22 all properties which have net appreciation,  
23 and

24 “(ii) the Federal marginal estate tax  
25 rate.

1           “(B) LIMITATION.—The amount taken  
2           into account under subparagraph (A)(i) shall  
3           not exceed the taxable estate.

4           “(C) FEDERAL MARGINAL ESTATE TAX  
5           RATE.—The term ‘Federal marginal estate tax  
6           rate’ means the highest rate in the rate sched-  
7           ule set forth in section 2001(c)—

8                   “(i) which is used in determining the  
9                   tentative tax under section 2001(b)(1) with  
10                  respect to the estate of the decedent, and

11                  “(ii) the amount subject to which is at  
12                  least \$50,000.

13           In no event shall the Federal marginal estate  
14           tax rate be less than 30 percent.

15           “(5) ALLOCATION RULES.—The executor shall  
16           allocate the adjustments under this subsection  
17           among the properties on the return of the tax im-  
18           posed by chapter 11.”.

19           (c) CONFORMING AMENDMENTS.—

20                   (1) The table of sections for part II of sub-  
21                   chapter O of chapter 1 of such Code is amended by  
22                   striking the item relating to section 1014.

23                   (2) The heading of section 1015 of such Code  
24                   is amended to read as follows:

1 **“SEC. 1015. BASIS OF PROPERTY ACQUIRED BY GIFT, FROM**  
 2 **A DECEDENT, OR TRANSFERRED IN TRUST.”.**

3 (3) The table of sections for part II of sub-  
 4 chapter O of chapter 1 of such Code is amended by  
 5 striking the item relating to section 1015 and insert-  
 6 ing the following new item:

“Sec. 1015. Basis of property acquired by gift, from a decedent,  
 or transferred in trust.”.

7 (d) EFFECTIVE DATE.—The amendments made by  
 8 this section shall apply to decedents dying after December  
 9 31, 1995.

10 **SEC. 3107. PHASE IN OF CAPITAL GAINS TAX ON INHERITED**  
 11 **PROPERTY.**

12 (a) IN GENERAL.—Subsection (h) of section 1 of the  
 13 Internal Revenue Code of 1986 (relating to maximum cap-  
 14 ital gains rate) is amended to read as follows:

15 “(h) MAXIMUM CAPITAL GAINS RATE.—

16 “(1) IN GENERAL.—If a taxpayer has a net  
 17 capital gain for any taxable year, then the tax im-  
 18 posed by this section shall not exceed the sum of—

19 “(A) a tax computed at the rates and in  
 20 the same manner as if this subsection had not  
 21 been enacted on the greater of—

22 “(i) taxable income reduced by the  
 23 amount of the net capital gain, or

1           “(ii) the amount of taxable income  
2           taxed at a rate below 28 percent, plus

3           “(B) a tax equal to the sum of—

4           “(i) the applicable percentage of so  
5           much of such net capital gain as is attrib-  
6           utable to property acquired by the tax-  
7           payer from a decedent dying after Decem-  
8           ber 31, 1995 (or passed to the taxpayer  
9           from such a decedent), and

10           “(ii) 28 percent of the amount of the  
11           taxable income in excess of the sum of the  
12           amount determined under subparagraph  
13           (A) and the net capital gain described in  
14           clause (i) of this subparagraph.

15           “(2) APPLICABLE PERCENTAGE.—For purposes  
16           of paragraph (1), the term ‘applicable percentage’  
17           means—

18           “(A) 10 percent in the case of taxable  
19           years beginning after December 31, 1994, and  
20           before January 1, 1997,

21           “(B) 15 percent in the case of taxable  
22           years beginning during 1997,

23           “(C) 20 percent in the case of taxable  
24           years beginning during 1998, and



1           “(D) 25 percent in the case of taxable  
2           years beginning during 1999.

3           “(3) ELECTION TO MARK-TO-MARKET PROP-  
4           ERTY ACQUIRED FROM A DECEDENT.—If the tax-  
5           payer elects this paragraph with respect to any prop-  
6           erty described in paragraph (1)(B)(i), such property  
7           shall be treated as sold (for its fair market value as  
8           of the first day of the taxpayer year) and any gain  
9           or loss shall be treated as received or accrued on  
10          such day.”.

11          (b) EFFECTIVE DATE.—The amendment made by  
12          this section shall apply to taxable years ending after De-  
13          cember 31, 1995.

14      **SEC. 3108. ADDITIONAL EXCLUSION OF GAIN ON SALE OF**  
15                              **PRINCIPAL RESIDENCE ACQUIRED FROM A**  
16                              **DECEDENT.**

17          (a) IN GENERAL.—Subsection (d) of section 121 of  
18          the Internal Revenue Code of 1986 (relating to one-time  
19          exclusion of gain from sale of principal residence by indi-  
20          vidual who has attained age 55) is amended by adding  
21          at the end the following new paragraph:

22                      “(10) SPECIAL RULES FOR RESIDENCE AC-  
23                      QUIRED FROM DECEDENT.—

24                      “(A) IN GENERAL.—In the case of a resi-  
25                      dence which was acquired by the taxpayer from

1 a decedent dying after December 31, 1995, or  
2 to whom such residence passed from such a de-  
3 cedent (within the meaning of section  
4 1015(f)(2))—

5 “(i) subsection (a)(1) shall not apply,

6 “(ii) the requirement of subsection  
7 (a)(2) shall be treated as met if the dece-  
8 dent satisfied such requirement as of the  
9 date of death or the taxpayer satisfies such  
10 requirement, and

11 “(iii) subsection (b)(1) shall be ap-  
12 plied by substituting ‘\$250,000’ for  
13 ‘\$125,000’ and ‘\$125,000’ for ‘\$62,500’.

14 “(B) ADDITIONAL ELECTION.—Any elec-  
15 tion under this section with respect to any resi-  
16 dence to which subparagraph (A) applies shall  
17 not be taken into account in determining  
18 whether any other election may be made under  
19 this section.”.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall apply to sales and exchanges after De-  
22 cember 31, 1995, in taxable years ending after such date.

# 1      **TITLE IV—APPROPRIATIONS**

## 2      **SEC. 4001. APPROPRIATIONS.**

3          There is hereby appropriated for any fiscal year, out  
 4 of any money in the Treasury not otherwise appropriated,  
 5 an amount equal to each amount authorized by this Act  
 6 for such fiscal year. Any amount appropriated under the  
 7 preceding sentence for any fiscal year shall be expended  
 8 only for the purpose for which authorized and shall remain  
 9 available until the close of the second following fiscal year.

## 10      **SEC. 4002. DESIGNATION AS EMERGENCY REQUIREMENT.**

11          The entire amount appropriated under this Act is  
 12 designated by Congress as an emergency requirement pur-  
 13 suant to section 251(b)(2)(D)(i) of the Balanced Budget  
 14 and Emergency Deficit Control Act of 1985.

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